12. NEW MATTERS SUBMITTED BY THE MUNICIPAL MANAGER

12.1

REPORT FROM THE MUNICIPAL MANAGER

PURPOSE OF THE REPORT

To provide the Municipal Council with the Audit Committee’s report on the Good Governance Summit held by SALGA and Garden Route District Municipality on 13 and 14 June 2019 at Oubaai George.

BACKGROUND

The Garden Route District Municipality in partnership with the South African Local Government Association, hosted a Good Governance Summit on 13-14 June 2019 at Oubaai Golf Estate, Herold’s Bay, George. The main objectives of the summit were to:

1. Empower councillors and administration in doing oversight and being accountable through the implementation of effective governance structures;
2. Enhance public participation process through effective good governance structures and new innovations to eliminate or minimize service delivery protests;
3. Insulate municipalities against interference from external stakeholders;
4. Encourage and improve ethics and ethical conduct within the municipal leadership; and
5. Address the cost of corruption and poor governance.

DISCUSSION

SALGA GOOD GOVERNANCE SUMMIT 13-14 JUNE 2019 – OUBAAI GEORGE

A brilliant Summit on “Good Governance”, from which details and recommendations should permeate through all forms of Government and Local Government in RSA.

1. THE GOVERNANCE OF STATE CAPTURE, WHO’S STATE IS IT ANYWAY?  DUMISANI HLOPE
2. UNDERSTANDING THE IMPACT OF CORRUPTION ON SERVICE DELIVERY IN LOCAL GOVERNMENT  

SHADRACK SIBIYA

Successes
- Since its establishment, GFIS received a total of 5597 cases for investigation between November 2016 and 31 March 2019.
- The potential value for the investigations received is R33 903 010 337, 51.
- The number and potential values involved are for the City’s core Departments and Entities
- Over 50 officials were dismissed
- Approved structure by the Council
- Dedicated hotline
- Facebook and twitter account, walk-ins, website
- Outreach programmes
- Terms of Reference for investigations approved by Council
- Approved delegations by the Accounting Officer

Conclusion
- It is the responsibility of each citizen in our country to contribute in our fight against corruption. By this contribution, citizens are given the opportunity to join hands and tackle corruption in local government in order to secure and sustain the developmental programmes.
- This Summit should enable the GRDM to take stock of efforts to combat corruption and adopt anti-corruption strategies that transcend political boundaries and tackle corruption holistically through, prevention, detection, investigation and resolution.
- The implementation of the principles of the Summit will not disappoint the expectations of our people whose spirit is vexed because they are daily victims of the scourge of corruption which is a scourge upon society.
- Fight against corruption.

3. ENCOURAGING INVESTMENTS WITHOUT FLOUTING LEGISLATION (PROPERTY INVESTMENTS)  

PAUL HOFFMAN

7 Secrets of Regional Investment Success
© The Business of Cities Ltd 2014
(see slide)
4. **INSULATING MUNICIPALITIES FROM EXTERNAL INTERFERENCE**  
(NOT PRESENTED AND NO PRESENTATION TABLED)  
*TBC*

- **COMBINED ASSURANCE MODEL** (Inclusive Governance)  
*S. GONCALVES PwC*

**What key questions should you be asking?**
- Have you defined a governance framework which include a risk and combined assurance framework?
- Do all assurance providers understand their roles and responsibilities?
- Have you established a mechanism for regular engagement?
- Are risks contained in the Combined Assurance Plan the key top risks of the organisation? Does it adequately reflect the risk profile of the organisation?
- Are all areas of King IV addressed?
- How did management arrive at the view to include these risks in the Combined Assurance Plan?
- What has changed in the organization’s environment (internal and external) which could affect the top risks included in the Combined Assurance Plan?
- How did management arrive at their view of the level of assurance needed and planned for each key risk included on the Plan?
- How does the results of assurance affect the assessment of the control environment and risk?
- Will the plan support the AC disclosures with respect to control effectiveness?

- **USE OF PROCUREMENT PROCESSES TO EMPOWER PDI, WITHOUT FLOUTING PROCUREMENT LEGISLATION**  
*MÖLEFE FANI*  
(NOT PRESENTED AND NO PRESENTATION TABLED)

- **WHAT WILL GOVERNANCE LOOK LIKE IN THE FUTURE**  
*N. NKASELA*

A breathtaking pace of change…

Trust by design in the transformative age:

**Digital disruption is a strategic imperative.**

The world is changing at an unprecedented pace and will never move this slowly again. Competitive advantage is only achieved through disruption and innovation.

**This rapid pace of disruption brings on new risks.**

Disruption is bringing new challenges and an added level of complexity that most organizations have never experienced.

**Trust is imperative for success and longevity.**

To deliver value to the organization, leadership must prioritize building in trust by design to understand the risk portfolio and seize disruption with confidence.

- **USE OF GOVERNANCE STRUCTURES TO ENHANCE PUBLIC PARTICIPATION (NEW INNOVATIONS, EFFECTIVE USE OF TECHNOLOGY)**  
*C. Boyse/Ms. Diale*  
(NO PRESENTATION TABLED)

Overall Operational Conclusions:
Getting the basics right -
- Act in good faith
- Adhere to and implement legislation and municipal policies
- Basic distinction

Council, council structures determine and set policy direction, budget (what)
Administration executes and implement policies, projects, and budget (how)
  • Joint strategic planning

Political and administrative buy-in
  • Entrenching good governance

Back to basics, new attitudes

Key success factors-
  • EM-MM relations
    Train track analogy
  • Political admin interface
    Holding the line
  • S56 appointments
    Merit, merit, merit
  • Consistent leadership
    EM, MM
  • Focusing on strategic plans
    Participate, ownership, execute
  • Focus, focus, focus
    The skin thing

MF Hennessy
31 July 2019.

RECOMMENDATION OF THE MUNICIPAL MANAGER

That the Audit Committee Report on the SALGA Good Governance Summit held on 13 to 14 June 2019 at Oubaai George, be noted.

APPENDIX / ADDENDUM

Appendix A: City of Joburg – Understanding the Impact of Corruption on Service Delivery in Local Government
Appendix B: Dumisani Hlophe – State Capture
Appendix C: EY – What will Governance look like in the future
Appendix D: Johann Mettler – Political and administrative interface – making it work
Appendix E: PAA Stakeholder Engagement
Appendix F: PWC Combined Assurance
Appendix G: SALGA – Consequence and Accountability Framework for Local Government in South Africa
Appendix H: SCEP – Encouraging Investments without flouting legislation.

File Number: 9/1/2/14
Execution: Municipal Manager
Manager: Performance, Internal Audit and Risk Management
Good Governance Summit
June 2019

ENCOURAGING INVESTMENTS WITHOUT FLOUTING LEGISLATION

Paul Hoffman
paul@wcedp.co.za

GARDEN ROUTE ECONOMY
GROWTH SECTORS IN THE GARDEN ROUTE

Tourism & Creative industry

Oil & Gas (green fuels),

Agri-processing

Waste management energy and water.

Timber Industry

ICT and Smart Cities

Integrated transport and infrastructure

INVESTMENT READINESS - The Context ....

Conducive atmosphere

Support/trust

Fertile ground(ing)
Selected factors that **INCREASE** Economic Growth

1. Institutional Framework
   - Increase in capacity of an economy to produce goods and services

2. Natural Resources

3. Human Capital

4. Physical Capital

Selected factors that **LIMIT** Economic Growth

1. Institutional Framework

2. Political Instability

3. Poor health & low levels of education

4. Inadequate infrastructure
But what if ..........?

Ease of Doing Business Roadmap

1. Improve Government-Business Interfaces & Interaction
2. Improving the Business Support Eco-System
3. Improve Business-Facing Services in Terms of Processes & Legislation

Whole-of-organisation approach

Inadequate regulatory and business support environment

2019 Improved Ease of Doing Business
Ease of Doing Business

Strategic Planning & Development

• “Ready for growth municipalities”...
  – Have specific and actionable strategic priorities that are widely understood at all levels of the municipality and council.
  – Make clear choices to address essential municipal services and responsibilities in support of local growth priorities.
  – Are able to keep their growth strategies relevant by sensing and rapidly adapting to changing needs of the municipality and residents.

Do municipalities believe their role/responsibility is to promote economic growth?

Do all (politicians and senior officials) understand the importance of an enabling environment for investment?

If a major investor were to be interested in investing in the region/town is there a structured approach to dealing with this investor?

Are (1) regulatory environment, (2) processes, and (3) information/communication, business-friendly?
• “Ready for growth municipalities”...
  – Employ a disciplined process that ensures adequate funding for high-growth, core activities.
  – Have clear and objective investment or resource allocation criteria that prevent internal rivalries or interference with allocations to top municipal growth priorities.
  – Manage spending prudently, making rigorous trade-offs based on cost, need and an understanding of how they align with priority growth objectives.

Municipal Resource Alignment

• “Ready for growth municipalities”...
  – Are organizationally efficient, adaptable and knowledgeable regarding how to address growth needs.
  – Align their organizational structure and make decisions—or assign decision-making authority—in ways that best serve strategic growth priorities and municipal needs.
  – Create effective mechanisms for shared governance and collaboration within and between municipalities as appropriate.
  – Have a coherent culture that sets norms and expectations that reflect the requirements for successful growth and development in the municipality.
  – Have a culture of excellence and continuous improvements that is reinforced through the administration and Council.
Municipal Growth Readiness Categories

- Land-use planning and governance
  - Dedicated pre-zoned
- Administrative capacity
- Fiscal health
- Service delivery
- Public safety
- Infrastructure
- Demographics and trends
- Regional partnerships
- Non-municipal considerations for growth

Readiness Factors Summarised

<table>
<thead>
<tr>
<th>Global and regional positioning</th>
<th>Real estate</th>
<th>Physical infrastructure - condition and conduciveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal municipal organisational effectiveness</td>
<td>Risks and mitigations</td>
<td>Quality of life</td>
</tr>
<tr>
<td>Business climate</td>
<td>Human capital and levels of education</td>
<td>Sustainability</td>
</tr>
</tbody>
</table>
Municipal Investment Readiness Self-Assessment

60 point

CHECKLIST

IFSOP?

Choose your weapons – what are your strengths?
OR ...............?

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>YES</th>
<th>NO</th>
<th>Comments / Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil, Gas &amp; Green Fuels</td>
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<td></td>
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<tr>
<td>Waste to Energy, green economy (wind farms and solar PV), desalination</td>
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<tr>
<td>Agriculture, Marine and Agri-Processing</td>
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<tr>
<td>ICT</td>
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<td></td>
<td></td>
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<tr>
<td>Tourism, catering and accommodation</td>
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<tr>
<td>Wholesale and Retail</td>
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<tr>
<td>Finance and Business Services</td>
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<tr>
<td>Film &amp; Creative Industry</td>
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<td></td>
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<tr>
<td>Education, research and skills development</td>
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<tr>
<td>Manufacturing</td>
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<tr>
<td>Timber Industry - forestry and furniture</td>
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<tr>
<td>Transport and storage</td>
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<td></td>
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<tr>
<td>Leather, Clothing and textiles</td>
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</tbody>
</table>
### PART I – Internal expertise
LIAISING WITH EXISTING BUSINESSES IN YOUR MUNICIPALITY

<table>
<thead>
<tr>
<th>24. Does any Senior Official and / or Portfolio committee monitor / evaluate your Municipality’s track record with liaising with existing and future investors?</th>
<th>YES</th>
<th>NO</th>
<th>Proposed action plan(s)</th>
<th>Responsibility</th>
<th>Time frame</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>25. Does your Mayor, MM, ED Officer or planning staff meet with local business on a regular basis to talk about their business needs and future plans?</td>
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<tr>
<td>26. Does your municipality liaise with the local Chamber of Commerce and other stakeholders about the municipality's economic</td>
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### So – how ready are you?

<table>
<thead>
<tr>
<th>MUNICIPAL ECONOMIC READINESS COMPONENT</th>
<th>YES</th>
<th>NO</th>
</tr>
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<tbody>
<tr>
<td>PART I: EXPERTISE</td>
<td></td>
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<tr>
<td>Contacts</td>
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<tr>
<td>Land-use planning</td>
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<tr>
<td>Liaising with existing business</td>
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<tr>
<td>Information sources</td>
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<tr>
<td>Sub Total</td>
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<tr>
<td>PART II: RESOURCES</td>
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<tr>
<td>Industrial Land Inventory</td>
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<tr>
<td>Joint Ventures</td>
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<tr>
<td>Economic Development Capacity</td>
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<tr>
<td>Sub Total</td>
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<tr>
<td>PART III: COMMUNICATIONS</td>
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<tr>
<td>Municipality and Site Selection Profile</td>
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<tr>
<td>Website &amp; Other Communication Considerations</td>
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</table>

35/60 Score
So what is your “Brand”? 

- Constant Discovery: A world leader guaranteed to surprise – stimulating at first, seductive over time, full of contrasts and hidden depths
- Celebrating difference and diversity
- Creativity
- Evolving in resourceful ways
- Positive energy
- Open
- Intriguing
- Confident
- Vibrant
- Tourism
- Business
- Sport
- Culture
- Education
- Essence
- Personality
- Values
- Tone
- Sectors
Investment Ready Sites / Dedicated Economic Zones

- In growing demand and is an increasingly popular tool for municipalities to attract new business and industry.
- Assist municipalities in marketing sites ready for development and investment.
- Investment ready sites generally refer to commercial and industrial sites that are appropriately zoned for the type of investment the Municipality is targeting. The sites are under the legal control of a Municipality or other third party:
  - Planning
  - Zoning
  - Surveys
  - Title work
  - Environmental studies and impact assessments
  - Soils analysis
  - Public infrastructure
  - Engineering

Investment ready sites should follow the town’s sector specific growth areas and SDF’s
Some common characteristics for investment ready land to include in a land inventory are:

- Serviced by a municipal water system
- Serviced by a municipal sanitary sewer system
- Serviced with electricity or natural gas (where available)
- Serviced with high-speed telecommunications and internet
- Size of land available for development
- No significant natural environmental issues
- No man-made environmental issues, such as chemical contamination
- Designated in the Municipality's plan and zoning by-laws as industrial, commercial or other designations allowing industrial uses such as manufacturing, assembly and warehousing

Investment Development System Improvement?

- **Consistent strategy**: right balance of growth, development, inclusion. Customer and future orientation.
- **Clear story**: internally, to markets, to business, to Government.
- **Aligned governments**: who place economy on income side of balance sheet.
- **System co-ordination**: right balance between carrots and sticks.
- **Self-confidence**: mutual trust, space for innovation, adaptability.
7 Secrets of Regional Investment Success

- See the big global trends. Metropolitanisation.
- Focus on the real competition, not the neighbours.
- Manage and shape growth actively.
- Get Provincial and National Government on your side.
- Think and act for long term, big impact interventions.
- A leadership role for all leaders - including Business.
- Clear mechanisms of affiliation for all.
- And number 8
- Collaboration and partnerships – even cross borders

Next step - Investment Prospectus
Consequence and Accountability Framework for Local Government in South Africa

Good Governance Summit!

Date : 13th – 14th June 2019
Oubaai Hotel – George
Garden Route District Municipality
Delegates to the National Anti-Corruption Summit of SALGA from member municipalities declared to continue serving the people of South Africa by:

- Dedicating themselves to eradicate the scourge of corruption and maladministration; and
- Deepening the quality of governance at local government level.

Delegates further recognised achievements of SALGA & its member municipalities since 2011 National Conference which include:

- Improved oversight and accountability mechanisms in municipalities, e.g. establishment of MPACs & institutional systems and internal controls = reduction for corruption & maladministration;
- Increase in prosecutions & convictions for fraud and corruption which led to recovery of municipal funds (state funds);
- Increased efforts towards professionalisation of local government, including the regulatory initiatives, current & forthcoming

Background

- Accountability and Consequence management remains to be at the core of governance and constitutional democracy in South Africa.
- One of the key resolutions of the 2015 SALGA National Members Assembly (NMA), was a request to develop a Consequences and Accountability framework for municipalities in South Africa.
- This framework is therefore born out of the 2015 NMA key interventions for municipalities in South Africa.
- As such, the 2018 NMA had a grand political debate under the theme “The Journey Towards Accountability and Consequence Management at Local Government Level”
- This robust debate was constituted of high level panellists namely: Cllr Parks Tau (SALGA); Minister Zweli Mkhize (CoGTA); Deputy Minister Mondli Gungubele (National Treasury); Premier Mchunu (KZN province); Inkosi Sipho Mahiangu (Chair NHTL) and Mr Themba Godi (Chair SCOPA).
- It is against this background that in SALGA Strategic Plan 2017-2022, the development of the C&A framework has been identified as a flagship project for Organised Local Government.
Key objectives for developing a CA Framework

1. To provide a concise guide on available options on which applicable consequences for which type or class of transgressions and non-performance apply.
2. Also to reflect attendant implications for failure to act by leadership at both political and administrative levels.

To promote a culture of accountable, professional and ethical public administration that places emphasis on good governance and effective service delivery to local communities.

Key Local Government Legal Architecture

- Municipal Structures Act
- Municipal Systems Act
- Municipal Finance Act
- Public Audit Act
- Constitution of the Republic of South Africa
- White Paper on LG
Local Government Municipal Structures Act 117 of 1998

- **Brief Narrative:** The Structures Act 117 of 1998 (hereinafter referred to as the Structures Act) provides for the establishment of a new generation of municipalities and essentially lays the foundation for a new system of local government in South Africa. The Structures Act deals fairly extensively with the Municipal Council and provides for issues such as the election, removal from office of councillors, and the internal proceedings in and the dissolution of the Council.

- **Key Section of the legislation:** Sec34 (4) of the MSA states that “The MEC for local government in a province may dissolve a municipal council in a province in accordance with the provisions of section 139 of the Constitution of the Republic of South Africa, 1996”.

- **Consequences:** The MEC concerned, must be individually held liable for a dysfunctional municipality and failing to execute the constitutional and developmental mandate if no interventions are made by the concerned MEC.

- **Case Study:** Since the Constitution was adopted in 1996, the number of Section 139 interventions has increased from a total of 17 between 1996-2005, to a total of 83 between 2006 and 2015.

www.salga.org.za
Ordinary Municipal Council Meeting

Agenda
29 August 2019

- **Key Section of the legislation**: Sec40 of the Structures Act states that “A municipal council by resolution may remove its speaker from office. Prior notice of an intention to move a motion for the removal of the speaker must be given”.

- **Consequences**: If the Speaker is underperforming, or fails to execute his or her fiduciary responsibilities, the municipal council has powers and not the political party to remove him or her but a notice must be given first to move a motion for the removal of the speaker.

- **Case Study**: The removal of the Mayor and the Speaker in the Nelson Mandela Metro is a case in point. Whether this was done with good intention or not, Sec40 of the Structures Act was put on a test and the removal was practicable.

**Municipal System Act 32 of 2000 & its amendment of 2011**

- **Brief Narrative**: The System Act, Act no 32 of 2000 and its amendment of 2011 ("the Systems Act") defines the legal nature of a municipality and provides for the manner in which municipal powers and functions are exercised and performed. In addition, the Systems Act provides the framework for local public administration.

- **Key Section of the legislation**: Chapter 12 (119) states that “A councillor who attempts to influence the municipal manager or any other staff member not to enforce an obligation in terms of this Act, any other applicable legislation or any by-law or a decision of the council of the municipality is guilty of an offence”.

- **Consequences**: On conviction a councillor is liable to a fine or to imprisonment for a period not exceeding two years. A person convicted for an offence and sentenced to more than 12 month’s imprisonment without the option of a fine, is disqualified to remain a councillor of the specific municipality and to become a councillor of any municipality for a period of five years as from conviction.

- **Case Study**: Councillors in municipalities were removed from office, but get employed in other institutions of government as employees, There is a need for an integrated online database to bar these persons from being employed in the state institutions through a revolving door.
Municipal Finance Management Act, Act no 56 of 2003 (MFMA)

- **Brief Narrative:** The Municipal Finance Management Act 56 of 2003 (MFMA) is intended to ensure sound and sustainable financial management and deepens the budgetary process in municipalities by making community involvement compulsory.

- **Key Section of the legislation:** S133 (1) of the MFMA states “If the AO of a municipality or municipal entity fails to submit financial statements to the AGSA in accordance with section 126 (1) or (2), or if the mayor fails to table the annual report of the municipality or a municipal entity in the council in accordance with section 127(2)“.

- **Consequences:** The municipal council may institute disciplinary actions against the AO or any other person or any committee responsible for the failure of the municipality to report to the AGSA.

- **Case Study:** There are many incidences where the AOs were removed from their positions by the instruction of the municipal council.

---

Municipal Finance Management Act, Act no 56 of 2003 (MFMA)

- **Key Section of the legislation:** MFMA regulations restrict the way in which municipalities may invest funds. The MFMA does not allow municipalities to bank with a mutual bank. Section 62 of the MFMA sets out the financial management responsibilities of the AO. See also s.6 of the ‘Municipal Investment Regulations’ (Government Notice R308, 2005).

- **Consequences:** The municipal council may institute disciplinary actions against the AO or any other person (CFO) when found to have invested funds in mutual banks.

- **Case Study:** The case in point is the municipalities in Limpopo among others, Capricorn and Vhembe District Municipalities. Several municipal mayors were set aside out of the interventions made by the Premier of the Limpopo Province in terms of sec154(1) of the constitution.
• **Key Section of the legislation:** 32. (1) A municipality must recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure unless the expenditure— (a) in the case of unauthorised expenditure, is— (i) authorised in an adjustments budget; or (ii) certified by the municipal council, after investigation by a council committee, as irrecoverable and written off by the council; and (b) in the case of irregular or fruitless and wasteful expenditure, is, after investigation by a council committee, certified by the council as irrecoverable and written off by the council. (4) The AO must promptly inform the mayor, the COGTA MEC in the province and the AGSA, in writing, of— (a) any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality; (b) whether any person is responsible or under investigation for such unauthorised, irregular or fruitless and wasteful expenditure; and (c) the steps that have been taken— (i) to recover or rectify such expenditure; and (ii) to prevent a recurrence of such expenditure. (5) The AO must report to the SAPS all alleged cases that constitute a criminal offence; and theft and fraud that occurred in the municipality.

• **Consequences:** The Municipal Council takes responsibility to make sure that the monies of the municipality are recovered and the persons liable for the offense if the alleged cases of irregular expenditure constitute a criminal offence; and theft and fraud that occurred in the municipality. The SAPS must obtain warrant of arrest to make sure that culprits face the might of the law and such occurrences are prevented in future.

• **Case Study:** With the new amendments of the Public Audit Act, there could be more arrest as the AGSA may submit a list of municipalities to the Hawks, Special Investigating Unit and the Public Protector
• **Key Section of the legislation:** s. 63(1) of the MFMA ‘Asset and liability management’ This section provides among other things that ‘(1) The accounting officer of a municipality is responsible for the management of the revenue of the municipality. (2) The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure— (a) that the municipality has effective revenue collection systems consistent with section 95 of the Municipal Systems Act and the municipality’s credit control and debt collection policy; and ‘(f) that the municipality has and maintains a system of internal control in respect of debtors and revenue’.

• **Consequences:** Section 5B(3) of the Public Audit Amendment Act 5 of 2018 provides that, if the AO fails to act on the AG’s audit findings of a material irregularity that has resulted in a financial loss to the State, and recommendations regarding the recovery of monies owing, the AGSA must take remedial action which must include a directive to the AO or accounting authority to determine the amount of the loss, if not yet determined, and to recover such loss.

• **Case Study:** Municipalities owe ESKOM payment for electricity for the past 8yrs and defied court orders. Amount owed to Eskom has ballooned to R17bn. Minister Mkhize appeared before parliament’s SCOPA. Eskom cutting off the electricity supply to entire towns, prompted businesses to go to court to have power restored. Defiance of a court order amounts to criminal offence of contempt of court.

---

**Public Audit Act, Act 25 of 2004 and Amendments**

• **Brief Narrative:** President Cyril Ramaphosa has signed the Public Audit Amendment Act which gives the AGSA powers to act against irregular spending by the state. The Audit Amendment Act will give the AGSA the power to refer wrongdoing to the law enforcement agencies for criminal charges. He can also recover money from officials by issuing them with a certificate of debt to recover that money.

• **Key Section of the legislation:** Chapter 2 5B. (2) states that “The AGSA must submit a copy of the certificate of debt, referred to in subsection (1), to the responsible executive authority to collect the amount specified in the certificate of debt from the accounting officer or accounting authority in terms of the debt recovery process applicable to the executive authority”.

• **Consequences:** The concerned AO is responsible to **pay back the money of the municipality.**

• **Case Study:** It is anticipated that the AGSA may submit a list of municipalities to the Hawks, Special Investigating Unit and the Public Protector to be investigated.
Q & A plus Comments

Question

- Based on the key consequences outlined in the respective legislations (System Act, Structures Act, MFMA and Public Audit Act), outline how will these consequences be implemented?

Thank You!
Combined Assurance (including Governance)

Agenda

1. Why we are seeing corporate failure?
2. What Board are saying?
3. What is combined assurance?
4. Challenges
5. Combined Assurance Model
6. Value of Combined Assurance
7. What key questions should you be asking?
8. Questions
Why are we seeing corporate failures

Reasons for significant value destruction across a number of industries over the past 3 years, globally and in South Africa (for example Steinhoff) highlighted several **apparent failures** in terms of:

- Understanding the nature and quantum of risk,
- Appropriate involvement in risk assurance oversight at Board level,
- Strategy and operating models that are able to appropriately respond to declining market conditions,
- Understanding relationships with key stakeholders,
- Regulatory compliance strategies that are able to deal with onerous and ever-changing laws, and
- Risk assurance strategies that provide not only appropriate levels of assurance, but also sufficient personal protection for the Board/Council and Executive management.

What Boards/Councils are saying?

... I need to know that everything is under control”.

... I need to know whether what I am being told is correct”.

... I need to be confident that I am going to achieve my organisational objectives and goals”.

... I need to know if things are going horribly wrong”.

... I need to know whether the project is going to finish on time and within budget”. 

"I need assurance because..."
What is combined assurance?

- King III introduced combined assurance and in King IV the combined assurance model evolved
- A combined assurance model incorporates and optimizes all assurance services and functions so that, taken as a whole, these enable an effective control environment; support the integrity of information used for internal decision-making by management, the governing body and its committees.

Combined Assurance Model

- Responsibility of governing body, may be delegated to audit committee
- Internal audit charter
- Ensure internal audit has the necessary skills & resources to address the complexity & risk faced by the organisation
- Not prescribed by the Code. Allows for the governing body to use its judgement in this regard
- Effective internal control environment
- Supporting the integrity of information
- Supporting the integrity of external reports
- Responsibility of the governing body
- Consider legal requirements
- External reports should disclose information about the type of assurance process applied in that report
Governance responsibilities

1st line of defence
Primary responsibility for establishing effective governance and risk and control environment

2nd line of defence
Provides confidence that risk control environment is in place, fit for purpose and working as intended

3rd line of defence
Independent challenge – justifies that confidence

Governance model

1. Tone
2. Boundaries
3. Executing strategy
4. Core business model
5. Operating activities
6. Monitoring
7. Behaviour
It’s important to get the balance across the 3LoD

**Scenario A**
1st line: Risk and control environment: **OK**
Ability to communicate this to the 2nd Line **poor**

1 [x] 2 [✓]

Result

Role of IA challenge – to help make risk and control environment *explicit and transparent* – A Coaching Role

**Scenario B**
1st line: Risk and control environment: **Weak**
But tells a good story able to diver 2nd L line to other areas of the business

1 [x] 2 [✓]

Result: **False Assurance**

Role of IA challenge – to ensure risk and control environment is *in place, fit for purpose* and *working as intended* and that there is *justified confidence* in the assurances being provided by line management – A Challenging role

---

**Challenges**

- Auditor General has reported overall regression in assurance provided by role players
- Lack of harmonization of assurance functions
- Tone at the Top – Risk Governance values, behaviours, expectations
- Silo agendas
- Lack of understanding of roles and responsibilities
- Inability to find common language and lack of agreement on definition of top risks
- Combined assurance is a watered-down internal and external audit coordination document
- The concept of ‘assurance’ is not understood or valued
Combined Assurance Overview

Combined Assurance brings together the business’ lines of assurance to most effectively and efficiently identify, manage and monitor key business risks, while aligning to strategy and enabling with technology; resulting in risk informed business decision making.

Components of the Combined Assurance Approach:
- The Combined Assurance Approach integrates Audit, Risk, Compliance, Due Diligence and ERM processes, systems and data
- The Combined Assurance Strategy is aligned to your company’s overall strategy and business risk strategy
- A Combined Assurance Framework that positions and defines the role of risk management, responsibilities and accountability for the Combined Assurance process within your business
- Combined Assurance Methodology provides the minimum guidance to be applied in the combined assurance process stages (planning, execution and reporting)
- A Combined Assurance Plan which clearly and directly links key risks with key mitigating controls, and the related assurance reviews (by assurance providers) to impact forecast and breakdown of the combined key controls
- Combined Assurance Dashboard Reporting which provides transparent assurance of key risks and key mitigating controls, and their impact on achieving your business strategy objectives and performance goals and supports your Audit and Risk Committee in their responsibility for ensuring the effectiveness and efficiency of the control environment

Principle 15: Integrated Assurance – Drivers of Value

Key value driver objectives

<table>
<thead>
<tr>
<th>Objective</th>
<th>Responsible Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achieve company strategy</td>
<td>Board / Investment Committee</td>
</tr>
<tr>
<td>Achieve growth objectives</td>
<td>Social and Ethics Committee</td>
</tr>
<tr>
<td>Safe operating conditions</td>
<td>Remuneration Committee</td>
</tr>
<tr>
<td>Healthy workforce</td>
<td>Audit Committee (responsible for ensuring assurance plans across all value drivers)</td>
</tr>
<tr>
<td>Environmentally responsible operations</td>
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<tr>
<td>Social mandate to operate</td>
<td></td>
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<tr>
<td>Sound reputation and ethics</td>
<td></td>
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<tr>
<td>Effective social stakeholder relations</td>
<td></td>
</tr>
<tr>
<td>Motivated workforce</td>
<td></td>
</tr>
<tr>
<td>Achieve operational, profitability and liquidity objectives</td>
<td></td>
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<tr>
<td>Effective commercial and other stakeholder relations</td>
<td></td>
</tr>
<tr>
<td>Comply with legislation and governance requirements</td>
<td></td>
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<tr>
<td>Assurance and timely reporting</td>
<td></td>
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</tbody>
</table>
Its important to understand the integrity of all assurance

<table>
<thead>
<tr>
<th>Performance Provider</th>
<th>Assurance Provider</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management 1st line</td>
<td>Functional oversight 2nd line</td>
<td>Independent 3rd line</td>
</tr>
<tr>
<td>AAA</td>
<td>Supply Chain</td>
<td>Business Control</td>
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<td></td>
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<td></td>
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<tr>
<td>Strategic Risk</td>
<td></td>
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<tr>
<td>Financial Risk</td>
<td></td>
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<tr>
<td>Investment and Project Risk</td>
<td></td>
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<tr>
<td>Regulatory &amp; Compliance</td>
<td></td>
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<tr>
<td>Operational – IT</td>
<td></td>
<td></td>
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<tr>
<td>Operational – People</td>
<td></td>
<td></td>
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<tr>
<td>Operational - Commercial</td>
<td></td>
<td></td>
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<tr>
<td>Cyber Risk</td>
<td></td>
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<tr>
<td>Business Continuity</td>
<td></td>
<td></td>
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<tr>
<td>Fraud Risk</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Provider assessment**
- High Assurance
- Moderate Assurance
- Low Assurance
- Relative strength of control environment

**Overall provision**
- Gap in Plan
- Opportunity to refocus
- Maintain current

---

**Combined Assurance Maturity Model**

**Laying the FOUNDATION**
- Approval and adoption of Combined Assurance Framework
- Alignment of combined assurance with risk classification model
- Establish regular engagement between Lines of Assurance
- Integrated combined assurance planning - collaboration between assurance providers on scope and timing of assurance work
- Regular Combined Assurance reporting to Audit Committee

**Building the STRUCTURE**
- Defined and consistent identification of key processes and key controls across the lines of assurance
- Combined Assurance Reporting facilitates Integrated Board Oversight
- Formalised assurance methodologies for all three Lines of Assurance

**Established & EMBEDDED**
- Reliance on the work of other assurance providers (as appropriate)
- Consistent use of assurance methodologies
- Formalised assurance provided by Line 1
- Embedded risk culture, including combined assurance, across the organisation
The value of Combined Assurance

What key questions should you be asking?

- Have you defined a governance framework which include a risk and combined assurance framework?
- Do all assurance providers understand their roles and responsibilities?
- Have you established a mechanism for regular engagement?
- Are risks contained in the Combined Assurance Plan the key top risks of the organisation? Does it adequately reflect the risk profile of the organisation?
- Are all areas of King IV addressed?
- How did management arrive at the view to include these risks in the Combined Assurance Plan?
- What has changed in the organization’s environment (internal and external) which could affect the top risks included in the Combined Assurance Plan?
- How did management arrive at their view of the level of assurance needed and planned for each key risk included on the Plan?
- How does the results of assurance affect the assessment of the control environment and risk?
- Will the plan support the AC disclosures with respect to control effectiveness?
PAA amendments –
the key expansion to our mandate

June 2019

The Auditor-General of South Africa has a constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, exists to strengthen our country’s democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence.
Points for discussion

- Existing legislative instruments for public finance management
- History of audit outcomes
- Audit and report — our contribution to date
- Expansion of our mandate through the Public Audit Amendment Act, 2018
- Implementation of the expanded mandate

Existing legislative instruments for public finance management

- Oversight
- Executive authority
- Accounting officer or accounting authority
The need to expand the AG’s mandate

Audit outcomes over the past 10 years – provincial and local government

Accountability failures → worsened financial health → lack of delivery and maintenance of infrastructure → negative impact on the well-being of South African people.

PAA amendment seeks to address the lack of suitable mechanisms to effectively follow through on the recommendations made during the audit process.
History of irregular expenditure

### Balances of irregular expenditure not yet dealt with

<table>
<thead>
<tr>
<th>Year</th>
<th>National and provincial government</th>
<th>Local government</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18</td>
<td>R1 618 843 million</td>
<td>R71 107 million</td>
</tr>
<tr>
<td>2016-17</td>
<td>R1 318 866 million</td>
<td>R62 711 million</td>
</tr>
<tr>
<td>2015-16</td>
<td>R98 233 million</td>
<td>R38 534 million</td>
</tr>
</tbody>
</table>

The annual irregular expenditure and the balances as shown is not complete as the disclosure of irregular expenditure is often qualified on completeness thereof – e.g. 89 auditees were qualified in 2017-18.

---

History of fruitless and wasteful expenditure
History of unauthorised expenditure

What is a material irregularity?

Definition from the Amendment Act

“Material irregularity” means any non-compliance with, or contravention of, legislation, fraud, theft or a breach of a fiduciary duty ...

identified during an audit performed under this Act that resulted in or is likely to result in ...

a material financial loss, the misuse or loss of a material public resource or substantial harm to a public sector institution or the general public.

Accounting officers and authorities have a legal obligation to prevent all irregularities and take action if it occurred. The AGSA’s focus is only on material irregularities.
Introducing the concept of material irregularities

- Refer material irregularities to relevant public bodies for further investigations
- Take binding remedial action for failure to implement the AG's recommendations for material irregularities
- Issue a certificate of debt for failure to implement the remedial action if financial loss was involved

A focus on material irregularities...

- Sharpen the risk orientation of the audit and increase the focus on critical areas that attract public interest
- Differentiate between irregularities that are tolerable (but still pose a risk and must be addressed) and those that need specific and urgent attention as it exposes the public sector to financial loss and misuse of resources and the public to significant harm
- Create greater awareness of the irregularities that expose the public purse to financial vulnerability and loss and how accounting officers and authorities are addressing it in line with their legislative responsibilities

Identification of MI process – 2018-19

1. Perform audit procedures
2. Identify non-compliance with scoped in legislative requirements
3. Report and confirm factual correctness of finding
4. Can non-compliance have a financial impact?
5. Are there indicators of financial loss?
6. Calculate actual/estimated financial loss or likely financial loss?
7. Is financial loss/likely financial loss
8. Is financial loss/likely financial loss
9. Conclude it is an MI
10. Report in the AR
A certificate of debt can be avoided by implementing the directive to quantify the financial loss and take steps to recover the losses.

If the remedial actions are not implemented a process as defined in the PAA and regulations are followed.
Implementation of expanded mandate

**Commencement date** agreed with the president is 1 April 2019.

### 2018-19 implementation

**Type of material irregularity**

Type of material irregularity = Material non-compliance (which would be reported in the audit report) that resulted in (or is likely to result in) a material financial loss.

**Selection of auditees**

Selection criteria:

- Latest audit outcome not clean or unqualified with findings – except if there is a material finding on prevention or follow-up of irregular expenditure
- High irregular expenditure over the last three years
- Sufficient coverage across spheres of government and provinces.

---

Preparation for implementation – accounting officers and authorities

Adhere to **responsibilities** as defined in legislation.

A renewed effort to **prevent and detect** non-compliance, fraud and theft and breaches of fiduciary duty.

Deal with identified irregularities as per the legislation – **investigate and take action**.

**Focus on:**

- irregular contracts/transactions
- fruitless and wasteful expenditure
- material non-compliance identified in previous years
- any allegations of SCM abuse or financial misconduct
- long-outstanding investigations or where actions have not been taken based on an investigation.
Role of oversight and executive authority

Executive authority

- Insist on credible and frequent reporting on state of financial and performance management
- Use reports to monitor, direct and support accountability
- Set the tone for accountability and consequence management by investigating and dealing with any allegations of financial misconduct and irregularities by accounting officers and authorities
- Share any knowledge on possible material irregularities with AO/AA and the AGSA
- Monitor the implementation of the recommendations on material irregularities
- Support referral and remedial processes, including recovery of debt, if required.
- If responsible for public body – monitor progress of investigations

Oversight structure

- Use information in the audit report on material irregularities for accountability and oversight purposes, insisting on timeous implementation of recommendation
- Use reports tabled on progress with material irregularities to oversee and influence progress made by public bodies with investigations and executive authorities (for recovery of debt)

Thank you

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The Auditor-General of South Africa
Political – administrative interface: making it work

SALGA Garden Route Good Governance Summit
Oubaai Hotel, George
13-14 June 2019
Johann Mettler

Getting the basics right

• Act in good faith
• Adhere to and implement legislation and municipal policies
• Basic distinction
  o Council, council structures determine and set policy direction, budget (what)
  o Administration executes and implement policies, projects, and budget (how)
• Joint strategic planning
  o Political and administrative buy-in
• Entrenching good governance
  o Back to basics, new attitudes
Key success factors

- EM-MM relations
  - Train track analogy
- Political admin interface
  - Holding the line
- S56 appointments
  - Merit, merit, merit
- Consistent leadership
  - EM, MM
- Focusing on strategic plans
  - Participate, ownership, execute
- Focus, focus, focus
  - The skin thing

THANK YOU
DANKIE
ENKOSI
Good Governance Summit

Pointers

1. What is driving the case for change
2. Megatrends
3. The Essence
4. Approach

Content

5. Questions
6. Insights
7. Mobile
8. Quote
What is driving the case for change?

1. Organizations are managing evolving consumer expectations, new partnerships, dynamic ecosystems, changing industry boundaries, disruptive business models and new competitive domains.

2. Every industry is changing and the cycles of change are moving ever faster.

3. Industry convergence is touching every market segment.

4. From technology and climate, to geopolitics and trade, the outside landscape is changing dramatically.

5. Operating models are shifting – employees seek purpose organizations; full time roles are being replaced by gig work; nature of work is changing due to technological advances.
Digital is not just about any one technological advancement. It’s about Cambrian explosions, collisions & convergence within sector.
Seven mega trends are changing the nature of work today, across all sectors

**TECHNOLOGY**
- Office space: Rent per sq ft per person has decreased in cities where employees want to work.

**HUMAN**
- Four generations: Baby boomers, gen X, millennials, and gen Z work side by side, each with varying incentives, preferences, attitudes, and expectations.
- Work-life integration: Technology has invaded our lives; employees have ceased to work-life integration over balance.
- Purpose-driven: Purpose-driven, socially responsible organisations have become magnets for young talent.
- Flexible and global workforce: A flexible and contingent workforce recruited on a global basis is becoming more common.

**PHYSICAL SPACE**
- The world is changing. In an increasingly faster pace and digitalisation enables new ways of working.

**Digital is the defining megatrend of our time, but the exponential growth has barely begun**

- **100m** By 2020, the number of consumers who will shop in augmented reality
- **163 zettabytes** By 2025, the amount of data being created every year (one zettabyte = one trillion gigabytes)
- **25%** By 2040, the makeup of the global market by autonomous vehicles

Today:

"Blockchain is a foundational technology: it has the potential to create new foundations for our economic and social systems." — *Harvard Business Review*

We have reached critical inflection points in many colliding physical, biological and digital technologies.
Digital is about unexpected collisions and convergence within and across sectors

An apparel manufacturing company transforms into one of the world’s largest digital health and fitness communities

From DVD-by-mail company to subscription service, streaming movies and TV episodes, to a one-stop entertainment service launching movies and new shows

A 100-year-old car manufacturer turns service provider through car sharing service

E-commerce conglomerate enters “new retail” by investing an estimated US$8b in physical stores in the last two years

An iconic toy maker, now produces TV shows & movies, manufactures programmable robots and provides digital experiences through online communities and augmented reality

From an electronic parts distributor to a company focused on delivering digital solutions and services

Digital is about the explosive growth of new technologies

**US$9.2bn**  
Worldwide Blockchain spending by 2021

**US$30.57b**  
Global market for the Internet of Things (IoT) in oil and gas

**US$57.6b**  
Worldwide spending on cognitive and artificial intelligence (AI) systems in 2021

**US$73.9b**  
Global market for agricultural robots by 2024

**US$225b**  
Potential Industrial IoT market by 2020

**US$90b**  
Expected online grocery sales by 2020

**US$600b**  
By 2023, market for services and applications leveraging digital technologies such as connected wireless devices, cloud-based solutions, analytics and electronic health records
“Digitisation does not equal transformation. If you digitise a company without fundamentally shifting its focus, ethos, structure and value proposition, all you are probably doing is speeding up its demise.”

Governance Principles

Governance is defined in the standards as “the combination of processes and structures implemented by the board to inform, direct, manage and monitor activities of the organization toward the achievement of its objectives.

Corporate governance also provides the structure through which the objectives of the company’s are set and the means of attaining those objectives and monitoring performance are determined.

**Stakeholders** are persons or entities who are affected by the activities of the entity (e.g. shareholders, employees, suppliers, customers and government regulators.)

Governance Principles

Corporate governance can be influenced by internal and external mechanisms.

**Internal mechanisms** – corporate charters and bylaws, board of directors and internal audit functions.

**External mechanisms** – laws, regulations and government regulators who enforce them.
Governance has two major components:

(a) Strategic Direction – determines...
The business model
Overall objectives
The approach to risk taking (including the appetite)
The limits of organizational conduct

(b) Oversight – the component with which internal audit is most concerned. It is also the component to which risk management and control activities are to be applied. The elements of oversight are:
Risk management activities are performed by senior management and risk owners

Internal and external assurance activities

Governance Roles and Processes ...

The board – according to the IIA, “the highest level governing body charged with the responsibility to direct and/or oversee the organization’s activities and hold senior management accountable.

Typically the board includes members who are not part of management.

If a board does not exist, the word board refers to a group or person charged with governance of the organization.

The board may also refer to a committee or another body to which the governing body has delegated certain functions (e.g. an audit committee, council).
The board has the ultimate responsibility for oversight.
To prepare for tomorrow, you must disrupt today.
The approach is underpinned by three broad concepts

Board Performance

Board directors do not discharge their obligations and duties owed to the entity and its stakeholders in good faith because they do not possess adequate knowledge to interpret and act on the information provided, and thus impairing a board’s performance to serve the company effectively.

Tone at the Top

Senior management must communicate a determination to develop risk-driven capabilities to enable the organisation to address effectively the unique needs of the entity and competence of the entity’s people through management’s philosophy and operating style, assignment of authority and responsibility and the organisation and development of its people.

Risk Coverage

The entity must establish effective and efficient functions (e.g., enterprise risk management, compliance, internal audit) to address organizational risks, including redundancies and overlaps in risk coverage and uncontrolled risk activities, as well as unassigned skills, to leverage existing infrastructure and resources, resulting in reduced risk identification, risk prevention, risk detection and risk response.

A breathtaking pace of change...

Trust by design in the transformative age

Digital disruption is a strategic imperative. The world is changing at an unprecedented pace and will never move this slowly again. Competitive advantage is only achieved through disruption and innovation.

This rapid pace of disruption brings on new risks. Disruption is bringing new challenges and an added level of complexity that most organizations have never experienced.

Trust is imperative for success and longevity. To deliver value to the organization, leadership must prioritize building in trust by design to understand the risk portfolio and seize disruption with confidence.
... demands a new design and different way of thinking.

Until now, risk has been focused on avoiding negative outcomes. To thrive in the transformative age, organizations need to embrace disruption and build in trust by design.

- Risk must be embedded at the forefront of business strategy.
- The days of monitoring and reacting to threats after they occur are gone.
- Real-time risk intelligence to enable strategic decision making.

Take a fresh look and find new insights to guide confident decisions.
Business strategy driven by proactive insights

Design a balanced risk portfolio

- What has to go right
- What may surprise you
- What could go wrong

Moving from risk avoidance to optimization, embracing disruption and achieving better business outcomes.

To be successful, organizations will need to shift their focus from simply mitigating risk to embracing new upside opportunities.

Employees are the ultimate customer

We will design the HR operating model and operating environment around excellent employee experiences

Distinct to the employee, employee experience comprises three primary dimensions.

- Purpose & values
- Needs
- Sentiment & behaviours
- Leadership & development

Roles & responsibilities
- Ways of working
- Interaction & engagement
- Inclusion & recognition

Environment
- Location & space
- Systems & tools
- Compensation & incentives
- Perks & benefits

The HR function, in partnering with and delivering services to the modern organisation, is required to design itself around the needs of the modern employee. The modern employee is mobile, overwhelmed by information, distracted, collaborative, impatient and empowered. The HR function needs to deliver on specific but ever evolving needs. It is this desired employee experience that allows us to bring the operating environment to life and give human expression to the target HR operating model.
The new level of disruption presents not only an existential threat but also a wealth of opportunities.

Threats

As many as 800 million jobs could be lost worldwide to automation by 2030.

Between 2011 and 2017, a multinational investment bank replaced 600 desk traders in its workforce with 200 coding engineers.

Cost of cybercrime to the global economy could go up to US$500 billion annually.

An AI-powered chatbot at an e-commerce company can serve 3.5m users per day.

AN aircraft manufacturer saves US$2-3m per year by using AI to calculate insurance policy payouts.

Less than 10,000 people in the world have the skills necessary to tackle serious AI research.

A leading retail corporation takes only 2 seconds to trace details from farm to store using blockchain.

A drone capturing and analyzing high-definition video on offshore oil rigs captures more data in five days than a traditional “rope lift” team can capture in eight weeks.

Opportunities

The digital mega-trend creates opportunities and threats up and down the value chain.

RPA enabling automation 24 hours a day, seven days a week saves 25%–50% in costs.

Digital encourages innovation.

Thirty-five percent of new FMCG products come from outside the company via its open innovation approach.

A drone capturing and analyzing high-definition video on offshore oil rigs captures more data in 5 days than a traditional “rope lift” team can capture in eight weeks.

Two billion jobs will be displaced by 2050 as a result of technology advances.

30%–50% of today’s jobs will be impacted by digital (some might cease to exist)

In just 4 years, Airbnb reached the same inventory as Hilton Hotels, which took them 35 years to build.

It will take 20 years for cybersecurity skills to catch up with demand.

Seventy-five percent of companies in the Standard & Poor’s 500 will be new entrants by 2027 at the current rate.

Good Governance Summit
Specifically, the Government sector is facing a number of key challenges

- Pressure on sources of revenue
- Changing customer behaviour
- Disruptive competition
- Legacy network and IT systems
- Shifting organisational structures
- Trust and integrity challenges

The government sector faces challenges due to digital disruption, shorter technology cycles, and the ever changing consumer behaviour.
Realistically prioritizing the transformation solutions for your organization will have a sustainable impact on user experience.
Bertrand Russell, the 20th-century British mathematician and philosopher, said: ‘Without civic morality communities perish; without personal morality their survival has no value’.

“When it comes to the future, there are three kinds of people: those who let it happen; those who make it happen; and those who wonder what happened”

John M Richardson, Jr
Good Governance Summit

Garden Route District Municipality
&
SALGA
13/06/2019
George – Western Cape
Presentation by Dumisani Hlope
The Governance of State Capture
Who’s State Is It Anyway?

• WHAT IS THE STATE?
• WHO OWNS THE STATE?
• WHO DOES THE STATE BELONG TO?
  • Democracy and Governance
• Who Determines Resource Distribution
• Mainstreaming Governance in Local Governance

Defining The State

The 4 Theories of Government
• Where did the state come from? Here are the 4 main theories on how the state originated:
• First, can we name them?
1. **The Force Theory** - “The state was born of force”.
2. **Evolutionary Theory** - developed out of the early family
3. **The Divine Right Theory** - “Divine Right to rule”
Marxist theory

- Views society as comprised of socio-economic classes, based on people's relation to ownership and control of means of production.
- The primary cleavage in capitalist society is the class cleavage between workers and owners.
- The state is viewed as aligned with the capitalist class and dedicated towards maintaining the conditions for capital accumulation (including, if necessary, through coercion).

Business Politics Relationships
Nick Oppenheimer/Mandela
The Great One
Business Interest in Gov

- “Biggest” financial muscle
- Protects Property
- SETS THE:
  - RULES
  - LAWS
  - SYSTEMS
  - PROCESSES
  - MONITORS AND ENFORCES
    THAT GOVERN SOCIETY
  - Regulates interrelationships within society.
What is Governance?

Governance

- Governance concerns mostly the rules of the game of political rule, and it is a conscious management of regime structures with a view to enhancing the legitimacy of the public realm (Goran Hyden, 1992).

Governance

- Establishment of policies, and continuous monitoring of their proper implementation, by the members of the governing ...
State capture Background

Ramaphosa and Broaderbond
“Them Belly full but we hungry”
1994 Constitution

- Property Clause (Keep it)
- Press Freedom (control the press)
- Independence of the Reserve Bank
- Treasurer
- State Owned Enterprises
  (Steal within the rules)
Intra Class struggles

Nkandla Lessons
Where to
Understanding the Impact of Corruption on Service Delivery in Local Government

13 June 2019
@Oubaai Golf Estate, George

Acknowledgement

• Let me start by recognizing the Executive Mayor of the Garden Route District Municipality (GRDM), Councillor Memory Booysen.

• Let me also recognize the representative of SALGA, Councillor Wolmaraans

• I also recognize the Acting Speaker of the GRDM, Councillor Barend Groenewald and also recognize the Municipal Manager of the GRDM, Mr Monde Stratu.

• I further take this opportunity to also recognize our Guest Speaker Mr Dumisani Hlope of the University of South Africa as well as other presenters invited here at this very important Summit on Good Governance.
Introduction

• First and foremost I would like to thank the organisers for inviting me and I also want to thank all of you leaders of our people, whatever sector from which you come, for allowing me to address you and for making time available so that you could participate in this critically important Summit.

• Looking at the theme of the Summit “Augmenting public confidence in Local Government” I want to commend the organisers as this is the most important but critical challenge facing all nations of the world and it is also aligned to what the National Development Plan (NDP) 2030 seeks to achieve.

Introduction

• The other day I was listening to the President of the Republic of South Africa, Cyril Matamela Ramaphosa when he was speaking at the “dialogue with professionals and academics” in Sandton. The President spoke about the “NEW DAWN THAT IS IN THE HORIZON”

• When I look at the theme of this Summit and when I also listened to the President’s speech about the New Dawn as well as the National Development Plan (NDP) 2030, I find all three to be inseparable.
Introduction

- The National Development Plan (NDP) 2030 Vision and Trajectory speaks about:
  - Chapter 12: Building Capable State
  - Chapter 13: Building Safer Communities
  - Chapter 14: Fighting Corruption
  - Outcome 3: All people in South Africa are and feel safe.
  - Outcome 9: Local Government (LG) in South Africa has the trust of the people, being committed to working with communities to find sustainable ways to meet their social, economic and material need and improve the quality of their lives.

Introduction

- The NDP 2030 Vision and Trajectory
  - **Crime**: In 2030, people living in South Africa should feel safe at home, at school and at work, and they enjoy a community life free of fear. Children play safely outside.
  - Reduced levels of serious and violent crime, road fatalities, businesses are thriving and local and foreign investors are establishing new businesses.
  - The Criminal Justice System (CJS) is well-resourced, professional and is staffed by highly skilled officials who value their work, serve the community, safeguard lives and property without discrimination, protect communities and citizens against violence crime and respect people’s right to equality and justice.
Background

- At this point in time let me take this opportunity to give a short historical background on Local Government and Good Governance and how the two relate to each other.

- Post democratic era, there was a realisation by the new government to create a third sphere of government that is closer to the people in order to provide basic services such as houses, sanitation, health care, water and electricity etc. to the benefit of all society – particularly the poor. But when I read King IV it talks about the principles of good governance as follows:
  - Ethical and effective governance
  - Leadership that displays integrity, competence responsibility, accountability, fairness and transparency
  - Instilling ethical culture
  - Leadership to set the tone

TOPIC

“UNDERSTANDING THE IMPACT OF CORRUPTION ON SERVICE DELIVERY IN LOCAL GOVERNMENT”
Practical Example on the impact of corruption and how it affects the citizens (Video Clip 1)

Practical Example on the impact of corruption and how it affects citizens (Video Clip 2)
• Political Killings
  – Sindiso Magaqa, top politician in KZN
  – Wandile Bozwana, a top businessman in NW
  – Victor Molosi, Councillor in Knysna

• Who get arrested in between
  – In KZN a Mayor and fellow politicians arrested

Impact of Corruption in Local Government
(Example of a House owned by the Mayor)
• Corruption distorts the allocation of local resources and the performance of local government.

• Corruption breaks down societal norms, erodes good governance and obstruct service delivery.

• As a result it is imperative that every sector combats corruption.

• At local level, municipalities should promote “Basic values and principles governing public administration”.

• These are set out in section 195 of the Constitution and include the following principles which are particularly important in the promotion of good governance and combatting of corruption:
  
  • A high standard of professional ethics must be promoted and maintained
  • Efficient, economic and effective use of resources must be promoted
  • Public administration must be accountable
  • Transparency must be fostered by providing the public with timely, accessible and accurate information.
In order to cultivate integrity amongst citizens and government at the local level, municipalities needs to do the following:

- Leadership should walk the talk in setting the tone for good governance and organisational integrity.
- Leaders should provide strategic direction and oversight on ethics and integrity.
- Ethics and integrity should form part of the leaders performance scorecard.
- Ethical leadership and integrity can be upheld by intensifying the fight against corruption, collusion and maladministration in partnership with Civil Society.

Proposed interventions for Local Government

• How do we institutionalise culture of integrity and clean governance:

  - Adopt an approach which is based on the believe that a functioning integrity system with strong oversight system that ensures high level of transparency, accountability and integrity, is the most effective way to prevent unethical behaviour.
Best Practice: GFIS Establishment

- The City of Joburg adopted the 10 point plan and the 9 key priorities which are geared towards giving effect to the expressed commitment to declare war on corruption.
- As a result, corruption was declared to be public enemy no.1.
- Group Forensic Investigation Services (GFIS) was established as an independent department to fight crimes committed against the City in 2016.

### Vision and Mission

#### Vision

- “A City free of fraud, corruption, theft and maladministration”

#### Mission

- With speed and impact we strive towards preventing, combatting, investigating and resolving fraud, corruption, theft and maladministration through co-operation with other Law Enforcement Agencies (LEAs).
• **Outcome 5:** An honest, transparent and responsive local government that prides itself on service excellence.

• **Priority 5:** Create an honest and transparent City that fights corruption.

• **10 Point plan:** Corruption public enemy number one.

**Reporting Model**

- Municipal Public Accounts Committee
- Council
- Group Audit Committee
- Group Forensic and Investigation Services
- Mayoral Committee
- Executive Mayor
- City Manager
- Professional Bodies
  - Organised Business
  - Organised Labour
  - Industry Councils
  - Faith-based Organisations
  - Law Enforcement Agencies
  - Chapter 9 Institutions
  - Other Forensic Companies
  - National, Provincial and Local Government
Successes

- Since its establishment, GFIS received a total of 5597 cases for investigation between November 2016 and 31 March 2019.
- The potential value for the investigations received is R33 903 010 337, 51.
- The number and potential values involved are for the City’s core Departments and Entities
- Over 50 officials were dismissed
- Approved structure by the Council
- Dedicated hotline
- Facebook and twitter account, walk-ins, website
- Outreach programmes
- Terms of Reference for investigations approved by Council
- Approved delegations by the Accounting Officer

Challenges

- Ineffectiveness of the Law Enforcement agencies
- Investigation of the Unauthorised, Irregular, Fruitless and Wasteful Expenditure cases
- Poor convictions
- Slow recoveries
- Increase in the number of hijacked properties (over 600 cases reported)
- Absence of forensic panel due to beaurocratic red tape
• Operation Buya Mthetho project (multi-disciplinary team)
• Arresting many contractors who are involved in illegal connections (water and electricity)
• Arrest of cashiers involved on illegal dumping at the Licensing Department
• Devaluations of properties
• Upgrading of power stations

Practical examples of discovered fraud

<table>
<thead>
<tr>
<th>Allegation</th>
<th>Amount recovered</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Alleged theft of City Power infrastructure (Transformer)</td>
<td>R80 million</td>
</tr>
<tr>
<td>2. Head Office Metro Information Centre (cables)</td>
<td>R 2 Million</td>
</tr>
<tr>
<td>3. Irregular Procurement of cartridge</td>
<td>R15 million</td>
</tr>
<tr>
<td>4. Feasibility report (duplicate invoice)</td>
<td>R1 million</td>
</tr>
<tr>
<td>5. Illegal connection Waterfall (City Power &amp; JWater)</td>
<td>R8.2 million</td>
</tr>
<tr>
<td>6. Bogus recruitment agency (EMS)</td>
<td>R650</td>
</tr>
<tr>
<td>7. Operation Buya Mthetho</td>
<td>R55 million</td>
</tr>
<tr>
<td>8. City Employee</td>
<td>R35 000</td>
</tr>
<tr>
<td>9. Attorneys</td>
<td>R800 000</td>
</tr>
<tr>
<td>10. Counterfeit goods</td>
<td>R 43 million</td>
</tr>
<tr>
<td>Budget</td>
<td>Actual Expenditure 17/18 R000</td>
</tr>
<tr>
<td>------------------------</td>
<td>------------------------------</td>
</tr>
<tr>
<td>Employee related costs</td>
<td>29 524</td>
</tr>
<tr>
<td>Depreciation</td>
<td>139</td>
</tr>
<tr>
<td>Contracted Services</td>
<td>36 997</td>
</tr>
<tr>
<td>Other Expenditure</td>
<td>12 066</td>
</tr>
<tr>
<td>Total</td>
<td>78 726</td>
</tr>
<tr>
<td>Capex</td>
<td>3 100</td>
</tr>
</tbody>
</table>

**Conclusion**

- In conclusion it is the responsibility of each citizen in our country to contribute in our fight against corruption. By this contribution, citizens are given the opportunity to join hands and tackle corruption in local government in order to secure and sustain the developmental programmes.

- This Summit should enable the GRDM to take stock of efforts to combat corruption and adopt anti-corruption strategies that transcend political boundaries and tackle corruption holistically through, prevention, detection, investigation and resolution.

- I wish the Summit success and I am confident that it will not disappoint the expectations of our people whose spirit is vexed because they are daily victims of the scourge of corruption which is a blight on society.

- On behalf of the City of Johannesburg, the people of South Africa and in my own name, I wish the GRDM to succeed in the fight against corruption.
Matthew 5: Verse 13 to 20
C02/08/19  
KNYSNA NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT (NDPG)

REPORT FROM: DIRECTOR PLANNING AND DEVELOPMENT

PURPOSE OF THE REPORT

To request the Municipal Council approval for the submissions of an Urban Network Strategy for Knysna for purposes of submitting a Neighbourhood Development Partnership (NDP) Grant application as well as for other future potential external funding applications.

BACKGROUND

The focus of the NDP grant is to stimulate and accelerate investment in underserved, poor residential neighbourhoods by providing technical assistance and capital financing for municipal projects with the aim of facilitating economic activity.

MOTIVATION

Knysna Municipality has previously been awarded the following NDP grant amounts for the projects in Table 1 below:

Table 1: Knysna NDPG Project Funding

<table>
<thead>
<tr>
<th>Past Projects</th>
<th>Project Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hornlee Taxi Rank</td>
<td>R 9,214,480.95</td>
</tr>
<tr>
<td>Current Projects</td>
<td>Project Value</td>
</tr>
<tr>
<td>Knysna White Location Safe Hubs Sports Facility</td>
<td>R 9,771,056.00</td>
</tr>
<tr>
<td>Knysna White Location Safe Hubs Sports Facility Phase 2</td>
<td>R 5,756,135.00</td>
</tr>
<tr>
<td>White location safe hub (Community Building)</td>
<td>R 19,330,328.00</td>
</tr>
</tbody>
</table>

At a meeting held on 5 July 2019 with National Treasury, it was explained that in order for Knysna Municipality to be eligible for access to funding for additional projects, submission of an application in terms of the current revised grant specifications would be required. This includes the resubmission of the NDPG business plan, submitted in 2013 for previous funding applications, as an urban network strategy that requires adoption by Council. The urban network strategy is intended to define projects within and around the primary urban corridor within which the NDP grant application would be considered.

FINANCIAL OR LEGAL IMPLICATIONS

Extent of potential Grant allocations to be confirmed.

RECOMMENDATION OF THE MUNICIPAL MANAGER

[a] That the Knysna Urban Network Strategy, be noted;
[b] That the Knysna Urban Network Strategy, be adopted; and

c] That the submission of the Knysna Urban Network Strategy to National Treasury for funding consideration, be supported.

ANNEXURE / APPENDIX


File Number : 9/1/2/13
Execution : Director : Planning and Development
Knysna Urban Network Strategy

2019
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1. INTRODUCTION & CONTEXT

The Knysna Local Municipality’s administrative area spans 1 059 km² (4.7% of the Garden Route District Municipality’s land area), comprises eleven wards and is located in the Garden Route District Municipality on the southern coast of the Western Cape. The Knysna Municipality is one of seven municipalities that form the Garden Route District of the Western Cape Province in South Africa. It is located approximately 500km from Cape Town, on the Southern Cape coastline at the heart of the Garden Route, bounded by Bitou Municipality (Plettenberg Bay) to its east and George Municipality to its north and west. (See Map 1).

![Map 1: Locality of the Knysna Municipal Area](image)

The town of Knysna is the primary regional service centre and a prominent national tourist destination. However, in the context of the Garden Route and sub-region, Mossel Bay and George are likely to remain the most important economic centres.

The purpose of this document is to provide an urban network strategy to guide spatially targeted public investment for critical planning and capital projects that impact the Knysna urban network. Central to this strategy is to define the Knysna urban network and to propose a project implementation pipeline.

2. THE KNYNSA MUNICIPAL AREA: SPATIAL ASSETS, OPPORTUNITIES AND CHALLENGES

The Knysna Municipal Area (KMA) includes the specialised (primarily tourist, recreational and retirement-oriented) coastal centres of Sedgefield, Buffalo Bay and Brenton on Sea; as well as the agricultural / forestry villages of Karatara, Rheenendal, and numerous smaller hamlets embedded within forestry areas.

The KMA is endowed with a spectacular natural setting. The Outeniqua Mountains running parallel to the coastline form the backdrop to an undulating natural and cultivated forested landscape, drained by a number of rivers with large water bodies in the low lying areas and sandy beaches sheltered by rocky headlands and coastal dunes along the Indian Ocean coastline. This verdant landscape of outstanding scenic beauty (WCG, 2013) is of national significance and international renown and can be considered as much a national economic asset, as it is the ecological basis for settlement in the region. View sheds are spectacular, giving name to the Garden Route. The area is host to endemic biodiversity and acts as a nursery for aquatic species that travel further afield.

Settlement in the KMA has predominantly occurred on the narrow coastal plain squeezed between the foothills of the Outeniqua Mountains and the rivers, lakes, wetlands and coastline.
High and low density, rich and poor settlement has also established itself on the hilltops surrounding the Knysna Lagoon to the north and east, along the N2 and to the south along the coastline. Coastal resort towns and forestry hamlets in the KMA, have retained their character and make their own contribution to the sense of place of the area alongside the natural and topographical splendour. Together the natural and historical built landscape present a cultural heritage deserving of sensitive treatment.

This landscape provides resources, services, character and amenity to human settlement. It also constrains its growth by virtue of the topography and carrying capacity of the ecosystem services it provides. The sustainable management of settlement in this context, with the pressure to pursue growth to meet the needs of the poor in particular, makes managing development in this municipal area a uniquely challenging task. Settlement form impacts on social well-being and economic development. It is important that plans to cater for urban growth resist, as far as possible, to move people further and further away from economic activity and jobs, and existing facilities and services, increasing the cost of living and pushing more and more household income into transport. This is will deepen the poverty trap.

THE PEOPLE

The population of the KMA in 2018 was estimated at 75,286 people made up of approximately 25,877 households. Between 2011 and 2016 the population grew at 1.1%. In five years’ time the population is estimated to be 80,867 people and in 10 years’ time, 89,185 people (Stats SA/ Western Cape Government, 2018). The Knysna town area makes up 75% of the population of the KMA, and Sedgefield is the second largest settlement in the KMA with 12.9% of the population (Stats SA/ Western Cape Government, 2018). The KMA population is very much urbanised. 80% of future households living in Knysna will need to be accommodated in Knysna town and 10% in Sedgefield.

Addressing backlogs in service delivery to existing households while meeting the needs of future households through stimulating economic growth to create jobs for its residents happens on the on the back of a struggling economy with weak growth that limits scope for improving employment prospects. Without more economic investment in job generating economic activity, it will be difficult for the Municipality to maintain a sustainable revenue base and raise sufficient revenue to subsidise a growing poor population. There is a limit on the burden Knysna Municipality can place on existing ratepayers.

Knysna’s population is young and low or unskilled, with 51% of its population under 40 years of age, the scope for frustration and discontent is, thus, significant.

Figure 1: Knysna Municipal Area’s Population Age Profile
Krynsha’s economic assets provide opportunity for the economy to grow, both for skilled and semi-skilled labour. What is important is that this growth is promoted in such a way that it does not undermine the very basis of the economy. Krynsha’s economy is predominantly a service economy – driven by tourism and the services needed by those attracted to living in Krynsha. Both the tourists and residents live in Krynsha because of the quality of life it offers thanks to its unique environment.

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>LEVEL OF IMPORTANCE</th>
<th>NET SECTORAL IMPORTANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GDP-R Analysis</td>
<td>Employment Analysis</td>
</tr>
<tr>
<td>Agriculture</td>
<td>Low</td>
<td>Medium</td>
</tr>
<tr>
<td>Mining</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Medium</td>
<td>Low</td>
</tr>
<tr>
<td>Utilities</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Construction</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Trade</td>
<td>High</td>
<td>Medium</td>
</tr>
<tr>
<td>Catering and Accommodation</td>
<td>High</td>
<td>Medium</td>
</tr>
<tr>
<td>Services</td>
<td>Transport and</td>
<td>Low</td>
</tr>
<tr>
<td>Communication</td>
<td>Business Services</td>
<td>Medium</td>
</tr>
<tr>
<td></td>
<td>Community Services</td>
<td>Medium</td>
</tr>
<tr>
<td>Government Services</td>
<td>Medium</td>
<td>Low</td>
</tr>
</tbody>
</table>

Table 1: Importance of Sectors to the Greater Krynsha Municipal Area Economy

The agriculture, manufacturing and tourism sectors have the greatest comparative advantage in Krynsha. Facilitation of activity in these sectors will stimulate overall economic growth. The improvement of transport linkages and communication systems and technology are identified as key economic enablers. To keep Krynsha’s competitive edge it is imperative that the tourism offering in particular remains authentic, that the sense of place, and the experience of a small town embedded in its natural and forest environment is also retained. Good infrastructure networks are not only important for economic development but also social services and development, and not least disaster risk management.

Alongside employment opportunities, affordable, adequate housing opportunities for the poor residents of Krynsha is probably the main public sector concern. Backlog figures vary substantially and are not verified, but are significant – as evidenced by the extent of informal settlement (20% of households in 2016, over 5,000 urban households). In addition, only 17% of new households living in Krynsha in 10 years’ time are estimated to be able to afford houses procured through the private market (Demacon, 2018).
3. THE NORTHERN URBAN NETWORK

The Northern Areas is the collective name given to the series of urban settlements occurring along the northern ridge of the Knysna basin, beginning north of Knysna CBD and extending eastwards to the Northern Areas Tourist Gateway (Sanlam Mall N2-intersection). Originally consisting of a few scattered settlements strung together by a singular urban corridor (Concordia Road), the impact of urban migration and rapid population growth has resulted in a continuous band of township settlement areas. These settlements include, Witlokosie, Flentiers, Rhobolo, Golweni, Edameni, Joodse Kamp, Concordia, Borgani, Kayathu, Karc, Dam-se-Bos, Nakkies and Ou Pad.

While the elevated position of the Northern Areas offers spectacular panoramic views of the lagoon and the Heads, the area suffers from several topographical constraints. Steep sloping gradients, coupled with poor soil conditions, limited land available for development and dramatically increasing costs for the implementation of bulk services and infrastructure further prevents the development of critical connections to Knysna CBD and its surrounding suburbs.

The Northern Areas are connected into the Knysna transportation system at only two locations: Gray Street in the CBD, and at the Sanlam Mall gateway. Gray Street runs in a northerly direction, becoming Concordia Road, which becomes Chungwa Street towards the east, runs parallel to the existing N2. Despite the nature of this potentially unifying element, economic activity of this urban corridor is stifled by a lack of legibility between the various urban settlements, due to the absence of centralised nodes. In addition, the area lacks alternative connections to Knysna CBD, separating it from the established industries, tourism and passing traffic which affords Knysna much of its economic activity. The underdevelopment of the Sanlam Mall gateway also negatively impacts the overall impression Knysna. The road extends to Unicolande to the north and leads on to Baines’ historic Prince Albert Pass and the R62, and the road to the south Noetzie which is a landmark tourist destination. It is proposed that the development include upgrade of the intersection to a minimum of 500 meters at the Southern and Northern intersections off the N2 to unlock the historical and tourism potential.

Without the creation of urban hearts or nodes of focused public activity, the scattered nature of existing commercial and civic activities attracts very little investment in formalised economic activity and informal trading dominates the corridor. The majority of the informal economic traders are located along Concordia Road, with most traders operating from renovated residential units, home stalls or mobile container units that provide services and goods, such as hair salons and clothing stores. Trade is however limited, with the majority of residents still having to travel in to the CBD to purchase stock.

Map 2: Knysna Northern Urban Network
Creating a link from the Northern Corridor to the Industrial Area through Heidevallei is part of previous spatial development recommendations made as part of the previous business plan. This can be realised through the reestablishment of a road between the Northern Areas and Knysna at the Heidevallei precinct. This relatively steep road will create a shorter route in the eastern segment towards the industrial area, as well as the CBD. The new road connection will bring employment opportunities closer to the communities of the Northern Areas.

Figure 2: Location of the proposed link in proximity to the corridor and Knysna (left) & Figure 3: Image of the proposed link between the northern areas and Knysna (right)

The cost of this project is estimated at R46.4 million plus VAT and should be considered as a development enabler for the Heidevallei precinct.

4. THE HEIDEVALLEI PRECINCT

The Heidevallei site is the only remaining large vacant site within the urban edge in Knysna which is centrally and strategically situated. The Heidevallei Precinct Plan (HPP) offers the opportunity to the Council to put strategic goals and interventions into action. The Housing Development Agency (HDA) was appointed to assist Knysna Municipality with the provision of subsidized, financially assisted and social housing in the municipal area. Heidevallei is one of the sites identified for housing projects as part of the Council’s comprehensive housing plan. The key findings and recommendations of the Heidevallei Precinct Plan (2019) include the following:

- The Council has to commit itself to budget for all bulk services required to make the development of Heidevallei a reality.
- The plan provides a framework and guidelines for an integrated urban precinct amongst the natural environment which will be preserved.
- About 2000 residential opportunities at high densities can be created.
- Space is provided for a civic and community centre and commercial uses.
- Guidelines for urban design and landscaping are provided to ensure further planning will be holistic, integrated and of high quality and at a human scale.
- Development of an accessible urban park in the indigenous forested area is also catered for.

5. THE KNYSNA URBAN NETWORK

Map 3, below, indicates the spatially targeted urban network that will primarily be used for the NDPG urban network strategy and other spatially targeted external funding opportunities.
Map 3: Knysna Urban Network (Draft MSDF 2019)

The Knysna Urban Network includes the Knysna central business district (CBD), Hornsby and Nekkies, the Heidevally precinct and the Northern Urban Areas. The urban and characteristics within the various precincts highlighted in earlier sections of the strategy highlight the need for an integrated urban network development approach. It needs to be noted that critical infrastructure that do not fall within the boundary of the urban network are of equal importance for the capital investment project pipeline.

6. CAPITAL INVESTMENT FRAMEWORK

The Municipal Systems Act requires Spatial Development Frameworks to include a Capital Investment Framework encompassing the whole of government, intended to coordinate investment. Spatial categories for investment planning are presented to guide the investment approach. Investments in the Medium Term Expenditure Framework of the Western Cape Government and the Knysna Municipality are, generally, chasing backlogs. Bulk infrastructure investments are also creating additional water supply and waste water treatment capacity. Within the existing affordability envelope, investments should supplement each other.

Investments by other spheres of government, in particular the Western Cape Government, are largely limited to education, health services, and human settlements development. Municipal investments are focussed on servicing the needs of Knysna town. In light of the predominance of the Knysna town’s economy, service delivery, housing backlogs and population growth, this is the correct focus. Public sector investment in Knysna will continue to largely be driven by the housing delivery programme. If designed and implemented properly, the catalytic potential of some of the projects such as the social rental housing infill projects and the Heidevally project will have transformative impact, particularly on improving inclusivity in Knysna town.
However, within the priority investment areas, investment in the integrated public realm, non-motorised transport and open space environmental network, has significant transformative potential. A package of critical projects have been selected by Knysna Municipality and prioritised in line with the following prioritisation criteria:

- Spatial location within the defined urban network/impact on urban network
- Aligns to existing Integrated Development Plan & Spatial Development Framework
- Upgrade/development of critical infrastructure that impact the urban network functionality and sustainability
- Supports spatial transformation and integration
- Addresses marginalised areas/impact on the poor
- Promotion of job opportunities
- Contributes to municipal revenue enhancement
- Project readiness

The section, below summarises the planning and capital investment project pipeline required for strategic urban development within the Knysna Urban network in the next 15 years.

### 7. PLANNING & CAPITAL INVESTMENT PROJECT PIPELINE

<table>
<thead>
<tr>
<th>PROJECT NAME</th>
<th>STRATEGIC ACTION</th>
<th>DESCRIPTION OF PLANS TO BE DONE</th>
<th>ESTIMATED BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upgrade of Concordia Road – precinct development plan &amp; detailed design.</td>
<td>This project include the road precinct upgrade from the western entrance of the Northern Urban Areas at the Gray Street/Main Rd intersection through the Northern Areas and respective urban hubs/nodes in the Northern Areas all the way to the Nekkies interchange.</td>
<td>Precinct development/road corridor development plan that include detailed planning for the upgrade of Concordia Road, trade zones/areas along the road, transit drop off and pick up areas and related infrastructure requirements.</td>
<td>R 800 000.</td>
</tr>
</tbody>
</table>

### PROJECT PRIORITISATION MOTIVATION

| Spatial location within the defined urban network/impact on urban network | Concordia road is the only major road in the Northern Urban Areas and is thus central to development within the urban network. |
| Aligns to existing IDP & SDF objectives | Yes. The IDP and draft SDF include detailed recommendations and support for development of this node. |
| Upgrade/development of critical infrastructure | Yes – the road is in a poor state and leads to an undefined urban network/land use patterns in the area. |
| Supports spatial transformation and integration | Yes – road upgrade and related infrastructure will enable better spatial integration between the Knysna CBD, White Location, Masfunds, Bongani and Nekkies nodes. |
| Addresses marginalised areas/impact on the poor | Yes. |
| Promotion of job opportunities | Yes – upgrade of the road network and related infrastructure will provide local job opportunities. |
| Contributes to municipal revenue enhancement | Yes – upgrade of informal trade spaces and demarcation of trade spaces on municipal property will lead to municipal income through trade space rentals. |
| Project readiness | High level of readiness. Costings and detailed designs need to be updated from 2013 plans that were done. |
### PROJECT NAME

- **Knymsna Kruisvallei Dam: Technical Assessment, surveys investigation and statutory requirements**
- **Total cost.**

### STRATEGIC ACTION

- Technical feasibility study and preliminary design
- Topographical survey, geophysical investigation, geotechnical drilling and material investigation.
- Site reconnaissance, environmental authorisation, scoping/screening study, appointment of specialists assistance with reserve determination

### DESCRIPTION OF PLANS TO BE DONE

- Topographical survey
- Geophysical and geotechnical plans
- Preliminary design plans

### ESTIMATED BUDGET

**R3 737 500**

### PROJECT PRIORITISATION MOTIVATION

**Spatial location within the defined urban network/impact on urban network**

- The Kruisvallei Dam is located in the upper reaches of the Knymsna River and it will supply raw water to be treated and distributed as potable water in the Knymsna urban network.

**Aligns to existing IDP & SDF objectives**

- The proposed upgrade of the bulk water supply aligns totally with the IDP and SDF objectives.

**Upgrade/development of critical infrastructure**

- The upgrade/development of the bulk water supply is a critical component of the expansion of the infrastructure to accommodate the increase in demand for potable water.

**Supports spatial transformation and integration**

- This project fully supports spatial transformation and integration as the supply of bulk water is becoming a critical factor with present demand equaling the supply of bulk water.

**Addresses marginalised areas/impact on the poor**

- The number of poor households that will benefit from this project is 13 451.

**Promotion of job opportunities**

- The EPWP principles will be supplied in the construction of the Kruisvallei Dam and it is envisaged that a 22 000-person days will be created i.e. 50 people for 440 days.

**Contributes to municipal revenue enhancement**

- The upgrade of the bulk water supply will ensure that the strict water restrictions enforced since 2010 will be released to some extent, which will increase water sales and enhance the revenue for the Municipality of Knymsna.

**Project readiness**

- The consultant (Auracon) has been appointed to carry out the “Strategic Action” indicated above.

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### PROJECT NAME

- **Windheuwel WWTW – Feasibility Study + Windheuwel Precinct Development Plan (cemetery, crematorium). Community Services to assist with information.**

### STRATEGIC ACTION

- Master Plan and Preliminary Designs.
- Special Studies including but not restricted to archaeology, ecological, aqua, botanical, etc.
- Environmental Authorization and Water Use License Application.
- Town Planning Matters – Rezoning, etc.

### DESCRIPTION OF PLANS TO BE DONE

- Master Plan
- Topographical Plan
- Preliminary Design Plan

### ESTIMATED BUDGET

**R 3 329 397**

### PROJECT PRIORITISATION MOTIVATION

**Spatial location within the defined urban network/impact on urban network**

- None

**Aligns to existing IDP & SDF objectives**

- Aligns totally

**Upgrade/development of critical infrastructure**

- Yes. Critical for Housing Development to proceed. Waste Water Treatment Upgrade.

**Supports spatial transformation and integration**

- Yes

**Addresses marginalised areas/impact on the poor**

- Yes – Poor household 3600

**Promotion of job opportunities**

- Yes

**Contributes to municipal revenue enhancement**

- Yes

**Project readiness**

- Appointed for “Strategic Action”
<table>
<thead>
<tr>
<th>PROJECT NAME</th>
<th>STRATEGIC ACTION</th>
<th>DESCRIPTION OF PLANS TO BE DONE</th>
<th>ESTIMATED BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Storm Water Master Plan (Greater Knysna Municipality Area)</td>
<td>• Accelerate ongoing survey &amp; verification of existing storm water infrastructure in the Greater Knysna Municipal Area (GKMA). Approximately 70% of this work in the GKMA was carried out in the last 5 years. This is essential information to input into the storm water masterplan and model. • Allocate budget for surveying and professional fees for this survey and verification work, and plan book production work (R500 000). • Develop and verify the Storm water model (PCSWMM software) for use in master planning. • Allocate budget for professional fees for modelling and masterplan work (R250 000). • Identify and prioritise critical projects &amp; bring to project readiness with design details and standard tender format • Allocate budget for professional fees for design, drawings &amp; tender procurement work for critical projects (R250 000).</td>
<td>• Storm water infrastructure verification and Plan book production (continue and accelerate) • Storm water model of all areas (continue and accelerate) • Storm water masterplan development • Critical storm water project prioritisation, costings, and design • Project implementation</td>
<td>R1 000 000 (Excl. VAT)</td>
</tr>
</tbody>
</table>

**PROJECT PRIORITISATION MOTIVATION**

**Spatial location within the defined urban network/impact on urban network**

Location is all urban areas within the GKMA. The ongoing work has progressed in the main town of Knysna, and adjacent certain suburbs. Eastford, Simola, Belvidere, Brenton, Buffalo Bay, Karatara, Rheenens, and Sedgefield.

**Aligns to existing IDP & SDF objectives**

Ongoing storm water system upgrading in all areas, and specifically in line with projects to maintain and upgrade urban roads in Wards 4, 6, 7, 8, 11 and the CBD.

**Upgrade/development of critical infrastructure**

Includes all areas, but critical projects to be identified, planned and prioritised for design and implementation in the areas mentioned above.

**Supports spatial transformation and integration**

The storm water system mainly follows the upgrading of roads, and is developed in tandem with the roads and the planning in that regard.

**Addresses marginalised areas/impact on the poor**

The upgrading of roads is given priority in previously underdeveloped areas, and the storm water system follows the overall planning in this regard.

**Promotion of job opportunities**

Project implementation emphasizes the use of local labour and labour intensive methods where possible.

**Contributes to municipal revenue enhancement**

Unfortunately, storm water does not generate income, except as an asset that allows the urban areas and the road system to function properly. Good storm water management, design, and maintenance prevents damage to property and infrastructure.

**Project readiness**

The identification, planning and implementation of critical projects is ongoing, and to accelerate this process with additional master planning, design and implementation capacity, will assist greatly to implement more critical storm water projects.
<table>
<thead>
<tr>
<th>PROJECT NAME</th>
<th>STRATEGIC ACTION</th>
<th>DESCRIPTION OF PLANS TO BE DONE</th>
<th>ESTIMATED BUDGET</th>
</tr>
</thead>
</table>

**PROJECT PRIORITISATION MOTIVATION**

| Spatial location within the defined urban network/impact on urban network | None |
| Aligns to existing IDP & SDF objectives | Aligns totally |
| Upgrade/development of critical infrastructure | Yes, for housing development to proceed, Waste Water Treatment Upgrade |
| Supports spatial transformation and integration | Yes |
| Addresses marginalised areas/impact on the poor | Yes - Poor household 2050 |
| Promotion of job opportunities | Yes |
| Contributes to municipal revenue enhancement | Yes |
| Project readiness | Appointed for "Strategic Action" |

<table>
<thead>
<tr>
<th>PROJECT NAME</th>
<th>STRATEGIC ACTION</th>
<th>DESCRIPTION OF PLANS TO BE DONE</th>
<th>ESTIMATED BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Integrated Human Settlements Master Plan (In-situ upgrading and other human settlement typologies feasibility study).</td>
<td>The strategic integrated human settlements master plan is required to provide an integrated and practical guide for human settlement upgrade in the urban network. The emphasis is on doing a comprehensive land audit, which include Council owned land in the urban network and to provide a range of human settlement typologies and infrastructure requirements for development of each typology within the urban network.</td>
<td>Feasibility study – infill opportunities on Council owned land within the urban network. Building &amp; land audit within the restructuring zones identified in the MSDF – CBD area and immediate surrounds.</td>
<td>R 3 500 000.</td>
</tr>
</tbody>
</table>

**PROJECT PRIORITISATION MOTIVATION**

| Spatial location within the defined urban network/impact on urban network | The master plan will cover the full extent of the urban network. |
| Aligns to existing IDP & SDF objectives | Yes |
| Upgrade/development of critical infrastructure | Yes |
| Supports spatial transformation and integration | Yes |
| Addresses marginalised areas/impact on the poor | Yes |
| Promotion of job opportunities | Yes |
| Contributes to municipal revenue enhancement | Yes – development of rental stock & release of municipal investment properties will create revenue streams for the municipality. |
| Project readiness | Terms of reference for the master plan can be crafted as soon as funds are committed. |
## ORDINARY MUNICIPAL COUNCIL MEETING

### AGENDA

29 AUGUST 2019

<table>
<thead>
<tr>
<th>PROJECT NAME</th>
<th>STRATEGIC ACTION</th>
<th>DESCRIPTION OF PLANS TO BE DONE</th>
<th>ESTIMATED BUDGET</th>
</tr>
</thead>
</table>
| Kynsna CBD Precinct Development Plan | This technical assistance project is critical to the future development of the Kynsna Central Business District which links with the Northern Urban Areas (Western gateway) from Gray Street to Concordia Road. The Kynsna CBD is the central place of convergence for the majority of the Kynsna population and represents the place of work and social interaction for the majority of citizens from the Northern Corridor. | The project requires the following planning elements.  
  - Urban design and precinct development framework for the Kynsna CBD as recommended by the draft SDF.  
  - Urban regeneration plan.  
  - Spatial redesign of the Kynsna transit hub/taxi rank precinct which must include a capacity analysis and integrated property redevelopment options in the precinct.  
  - Traffic and transport impact assessment.  
  - Main Road urban upgrade should be central to the planning exercise  
  - Waste transfer station precinct (adjacent municipal property) should be included from a land value capture perspective.  
  - Detailed designs, costing of capital investment and tender specifications must be included. | R 3 500 000 |

### PROJECT PRIORITISATION MOTIVATION

- **Spatial location within the defined urban network/impact on urban network**: The CBD plays a critical role within the defined urban network as it is the central transit hub, place of business and employment and social facilities.
- **Aligns to existing IDP & SDF objectives**: Yes.
- **Upgrade/development of critical infrastructure**: The projects represents a critical upgrade and redesign of the CBD precinct, with specific target areas such as the central transit hub that requires spatial and urban redevelopment to address the current capacity and spatial and urban design limitations.
- **Supports spatial transformation and integration**: Yes.
- **Addresses marginalised areas/impact on the poor**: Yes. The targeted CBD spaces that require upgrade and redevelopment will directly impact the poor who make use of the spaces on a daily basis.
- **Promotion of job opportunities**: The project will create at least 50 jobs during construction upgrades and will lead to the facilitation of inward investment in the CBD by businesses who will create jobs.
- **Contributes to municipal revenue enhancement**: The urban upgrades proposed by the planning exercise will focus on revenue streams for the Municipality through informal trade spaces, potential paid parking by motorists and lease agreements with private businesses.
- **Project readiness**: The planning can commence as soon as funds are approved. Draft terms of reference with detailed specifications can be completed within a 3 week timeframe.
## PROJECT NAME
Sanlam Mall Commercial Hub/Gateway project

## STRATEGIC ACTION
- At present the node is an informal taxi rank with some underutilized small scale retail developments. The underdeveloped nature of this site impacts negatively on an important entrance to Knysna, distracting from the overall identity of much of Knysna’s tourist and commercial offering. There is an urgent need for development and formalisation of an urban hub in this precinct. A detailed precinct and urban design plan that focusses on the most optimal and economic use of the land, town planning guidelines and urban design components and detailed designs with costings and tender specifications will provide the overall capital budget required to inform public and private sector development investment.

It needs to be noted that SANRAL must be consulted in terms of its forward planning for road upgrades at this intersection.

## DESCRIPTION OF PLANS TO BE DONE
- Commission Conceptual Urban Design Plan and development framework for gateway precinct to include proposals for public transport facilities, commercial opportunities, satellite police station and a public space that can accommodate informal trading and public gatherings. Plans should identify opportunities for private developers to invest and identify potential partnerships to facilitate development of the site that is agreeable to all stakeholders
-Allocate budget for professional design and consultation fees.
-Allocate budget for professional fees for the detailed design of architectural elements. Budget to be fixed according to final scope of works.
- Detail design for facility based on urban design plan for the Gateway precinct.
- Formulate a precinct and property management plan (incl. maintenance plan).
- A Traffic and transport engineering study must be done in consultation with SANRAL.
- Transit-Oriented Development principles & violence prevention through urban upgrade must be applied.

## ESTIMATED BUDGET
R 3 560 000

### PROJECT PRIORITISATION MOTIVATION

<p>| Spatial location within the defined urban network/ impact on urban network | The site represents a key commercial and transit activity node on the eastern side of the urban network. |
| Aligns to existing IDP &amp; SDF objectives | Yes. |
| Upgrade/development of critical infrastructure | Yes. |
| Supports spatial transformation and integration | Yes. |
| Addresses marginalised areas/impact on the poor | Yes. |
| Promotion of job opportunities | Yes. |
| Contributes to municipal revenue enhancement | Yes. The site is on municipal property and a property management company should manage tenant to maximise revenue streams through the property development. |
| Project readiness | The project is ready for planning. Negotiations with existing tenants who occupy the space without any lease agreements is a project risk, but will be resolved by the property management department when the planning phase commences. |</p>
<table>
<thead>
<tr>
<th>PROJECT NAME</th>
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<th>DESCRIPTION OF PLANS TO BE DONE</th>
<th>ESTIMATED BUDGET</th>
</tr>
</thead>
</table>
| Masifunde Node Commercial & Transit Hub | • Commission Conceptual Urban Design Plan to include proposals that addresses the need for informal trading venues on the main road interface.  
• Detail design based on Urban Design Plan for Node  
• Allocate budget for professional fees. Fees to be determined once extent of work has been fixed.  
• Detail design for facility based on Urban Design plan for node  
• Allocate budget for professional fees according to scale of project  
• Establish a partnership between the community and the Local Authority  
• Formulate a business plan to access funding for the building of the facility  
• Formulate a management plan | Precinct development plan including urban design, construction specifications, detailed costing & management model for a container/ modular retail hub.  
The plan must look at the entire precinct and include transit facilities within an 800 meter radius and integration with the existing facilities at the Masifunde Node. | R 1 200 000 |

| PROJECT PRIORITISATION MOTIVATION                                                                 |                                                                                             |
| Spatial location within the defined urban network/ impact on urban network | This central Northern Corridor site within the defined urban network is already a community urban hub. |
| Aligns to existing IDP & SDF objectives | Yes.                                                                                          |
| Upgrade/development of critical infrastructure | Yes – the project will lead to the establishment of small scale commercial trade which is a major need in the Northern Urban Areas. |
| Supports spatial transformation and integration | Yes.                                                                                          |
| Addresses marginalised areas/impact on the poor | Yes.                                                                                          |
| Promotion of job opportunities | Yes.                                                                                          |
| Contributes to municipal revenue enhancement | Yes – the site is on municipal owned property and rental income can be leveraged from its development. |
| Project readiness | Appointed for “Strategic Action” |

<table>
<thead>
<tr>
<th>PROJECT NAME</th>
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</tr>
</thead>
</table>
| Heidevlei Precinct Development | The Heidevlei precinct development plan was recently completed and a phased development programme now needs to be introduced. | • Bulk infrastructure service needs analysis & modelling to determine integration with the urban network.  
• Economic market study to determine the detailed scope for social and commercial infrastructure.  
• Transport and traffic planning and assessments, including the link to Concordia road and N2 access.  
• Environmental authorisations for each development section.  
• Land use authorisations for the entire development and sub-development.  
• A development management model, with phased land release for public and private sector development.  
• A capital investment framework with costing that separate public and private sector investment requirements. | R 6 500 000 |
### PROJECT PRIORITISATION MOTIVATION

| Spatial location within the defined urban network/ impact on urban network | The precinct is central to integration between the Northern Urban Areas, Industrial Area, Horrlee & CBD |
| Aligns to existing IDP & SDF objectives | Yes |
| Upgrade/development of critical infrastructure | Yes |
| Supports spatial transformation and integration | Yes |
| Addresses marginalised areas/impact on the poor | Yes |
| Promotion of job opportunities | Yes |
| Contributes to municipal revenue enhancement | Yes |
| Project readiness | Precinct plan has been completed and served before Council. Phased development can now commence. |

### PROJECT NAME

| GKMA Transport Framework Plan | The Knysna Municipal Spatial Development Framework has recommended that an integrated transport framework plan needs to be done to guide transit-oriented development and transport infrastructure investment in the municipal areas. The N2 national high-way and derelict Transnet railway lines run through the municipal area, established rural areas are located next to district roads with poor transport infrastructure and local roads require widening, in some instances, as well as upgrading and linkage. The absence of an overarching master plan based on evidence that show future demand compromises integrated planning. | Greater Knysna Municipal Area Integrated Transportation Framework Plan. | R 2 500 000. |
### PROJECT NAME
- **BioQuest Discovery Park**
  - **OVERALL DESIGN PLAN for the decentralised BioQuest Discovery Park**

### STRATEGIC ACTION
- The scope of work includes:
  1. Conceptual decentralised BioQuest Discovery Park plan. **R80 000.**
  2. Explore options for existing facilities/attractions that could be shared, adapted or incorporated. **R30 000**
  3. Commission high level detailed design of an initial attraction/experience that serves to reconnect people with Nature. **R50 000**
  4. High level detailed plan for a design with nature attraction/facility (Agritourism) **R60 000**
  5. Commission detailed design for an EDUCATIONAL attraction of approximate value of R75 million. **R4 5 million**
  6. Commission detailed design for a LIVE LIKE NATURE undertaking (e.g. Urban Wetland Park. R2 million that provides ecosystem services) **R80 000** for a detailed design.
  7. Commission detailed design for a Biomimicry Research & Innovation hub. **R150 million**
  8. Professional fees for bringing biomimicry principles into other Urban Network Projects

### DESCRIPTION OF PLANS TO BE DONE
- Conceptual design for Discovery park
- Detailed plan of a Reconnect With Nature experience
- Detailed precinct plan for a Design With Nature attraction
- Detailed design, specs & costing for biomimicry edutourism attraction
- Detailed design, specs & costing for urban wetland
- Detailed design, specs & costing for a Research and Innovation Hub
- Biomimicry principles incorporated into plans from other sectors. 6 x small projects (R30 000), 4 x medium projects (R40 000), 2 x Large projects (R30 000) and 1 x mega project (R50 000)

### ESTIMATED BUDGET
- **R13.95 million** for planning.

### PROJECT PRIORITISATION MOTIVATION
- **Spatial location within the defined urban network/impact on urban network:** The Discovery Park (DP) will be effectively located throughout the defined urban network. The DP can bring a unique focus to the urban network and bring increased opportunity for employment & entrepreneurship (in the business and tourism sectors).
- **Aligns to existing IDP & SDF objectives:** Yes
- **Upgrade/development of critical infrastructure:** The Discovery Park would stimulate the development of innovative approaches to storm water management, water use, mobility, energy, waste water management.
- **Supports spatial transformation and integration:** The principles of the Discovery Park are universal & support spatial & societal transformation.
- **Addresses marginalised areas/impact on the poor:** The decentralised nature of the Discovery Park means that all areas can inherently be included in all the plans.
- **Promotion of job opportunities:** The Discovery Park will stimulate the development of a regenerative economy and regenerative tourism. The DP will also create opportunities in the research and innovation fields.
- **Contributes to municipal revenue enhancement:** Yes – regenerative tourism market, will see the emergence of new businesses who will pay rates and taxes. It will also significantly reduce municipal spending e.g. on waste, water and energy.
- **Project readiness:** A conceptual design for a centralised BioQuest Discovery Park was already undertaken between 2012 & 2015 with National Lotteries funding. The unbundling of the offerings in decentralised locations will increase beneficiary.
8. PLANNING AND IMPLEMENTATION FRAMEWORK

The purpose of the Knysna Urban Network Strategy is to coordinate a spatially targeted capital funding and investment strategy for the realisation of outcomes envisaged in the MSDF.

The urban network strategy will be implemented by the top management team of Knysna Municipality through a dedicated project steering committee. All directorates are responsible to champion projects that relate to directorate-specific functional areas. Figure 4, below, depicts the implementation framework that will guide sustained prioritisation and implementation of the capital investment project pipeline.

![Implementation Framework Diagram]

**Figure 4: Integrated urban development planning framework**

It should be noted that not all projects identified in this strategy will be funded by the Neighbourhood Development Programme.

9. MONITORING & EVALUATION FRAMEWORK

At the outset, prior to permission to proceed with implementation planning or construction, detailed measurable indicators will be determined by the programme steering committee in consultation with individual project champions.

Monitoring and evaluation will be done through regular reporting and project performance management. For NDPG funded projects, this will be done by the respective project champions on the NDP management information system (MIS).

10. CONCLUSION & WAY FORWARD

The purpose of this document was to provide justification for an urban network strategy to guide spatially targeted public investment for critical planning and capital projects that impact the Knysna urban network. The urban network proposes a project implementation pipeline to achieve economic development. The purpose is to adopt and use the strategy as an internal planning tool and as a tool to attract external public investment funding opportunities.
12.3

C03/08/19  MUNICIPAL PLANNING TRIBUNAL MEMBER APPOINTMENT

REPORT FROM THE DIRECTOR : PLANNING AND DEVELOPMENT

PURPOSE OF THE REPORT

To obtain the Municipal Councils approval for the appointment of a member in the fulltime service of the municipality to the Knysna Municipal Planning Tribunal, in terms of Section 71(1)(a) of the Knysna Municipality Bylaw on Municipal Land Use Planning (2016).

BACKGROUND

Council resolved that the “Municipal Planning Tribunal term be extended with six (6) months in order to follow the prescribed procedures to appoint a new Planning Tribunal” per resolution C04/06/19 at a Special Council Meeting held on 11 June 2019. Ms. Zinhle Twala has since, left the employ of Knysna Municipality, creating a vacancy of a member in the fulltime service of the municipality.

DISCUSSION

Section 71(1)(a) of the Knysna Municipality Bylaw on Municipal Land Use Planning (2016), provides that at least one member in the fulltime service of the municipality must be a registered town planner. Ms. Zinhle Twala’s vacancy, therefore, needs to be filled by another member in the fulltime service of the municipality who must be a registered town planner.

Mr. Lindile Petuna started his employ at Knysna Municipality on 1 August 2019, as the Manager : Integrated Human Settlements. He is eligible for appointment as a member in the fulltime service of the municipality who is a registered town planner. His appointment would also add integrated human settlements expertise and contribute to broader Western Cape demographic representation on the KMPT.

BUDGET IMPLICATIONS

Not Applicable.

RELEVANT LEGISLATION

Knysna Municipality Bylaw on Municipal Land Use Planning (2016).

RECOMMENDATION OF THE MUNICIPAL MANAGER

That the appointment of the Mr. Lindile Petuna to the Knysna Municipal Planning Tribunal, in terms of Section 71(1)(a) of the Knysna Municipality Bylaw on Municipal Land Use Planning (2016) for the current term, be approved.

APPENDIX / ADDENDUM

Registration Certificate.
File Number: 9/1/2/13
Execution: Director: Planning and Development
South African Council for Town and Regional Planners

REGISTRATION CERTIFICATE

This is to certify that

LINDILE ANTONIA PETUNA

is registered as

Town and Regional Planner

in terms of the Town and Regional Planners Act, 1984

and is authorized to act as such in accordance

with the said Act and the Rules prescribed thereunder.

Issued under the Seal of the Council

this 12th day of May 2003

CERTIFICATE NUMBER 1266

[Seal]

PRESIDENT

REGISTRAR
12.4

C04/08/19  WAIVERING OF FEES - WHITE LOCATION, MULTI-PURPOSE CENTRE

REPORT FROM THE DIRECTOR: COMMUNITY SERVICES

PURPOSE OF THE REPORT

To request the Municipal Council to waive the amount of R65 035.00 in respect of a bulk water connection application for the White Location Multi-purpose Centre.

BACKGROUND

Phase 2B of the project comprises the building of the 1000m² hall, safe hub and ablution facilities. The contractor is on site and has applied for a bulk water connection for the Multi-purpose Centre.

FINANCIAL IMPLICATIONS

That the amount of R65 035.00 be waivered in respect of application fees.

RECOMMENDATION OF THE MUNICIPAL MANAGER

[a] That the report regarding the Waivering of fees: White Location, Multi-purpose Centre, be noted; and

[b] That the amount of R65 035.00 in respect of the application fees for the bulk water connection, be waivered.

APPENDIX / ADDENDUM

Application form

File Number: 9/1/2/5
Execution: Director: Community Services
### WATER DEPARTMENT

<table>
<thead>
<tr>
<th>DATE</th>
<th>06/08/2019</th>
<th>NAME</th>
<th>Mr Dawid Kemp</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERF NO</td>
<td>214 - Sportfield Fienertolocation</td>
<td>NAME</td>
<td>Mr Dawid Kemp</td>
</tr>
<tr>
<td>DESCRIPTION</td>
<td>Application for new bulk water connection</td>
<td>DESCRIPTION</td>
<td>Application for new bulk water connection</td>
</tr>
<tr>
<td></td>
<td>New 50mm bulk water connection point charged @ R63759,24 per unit cost + 15%vat incl</td>
<td>DESCRIPTION</td>
<td>Application for new bulk water connection</td>
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<td></td>
<td>( According tariff 5.9.6 - 2019/2020 - where there is no connection point present )</td>
<td>DESCRIPTION</td>
<td>Application for new bulk water connection</td>
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<tr>
<td></td>
<td>Water Deposit charged @ R1276,00 according tariff 5.3.2</td>
<td>DESCRIPTION</td>
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<td>SIGNATURE (OFFICIAL):</td>
<td>KN'SHA</td>
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<td></td>
<td>06 AUG 2019</td>
<td>MUNICIPALITY</td>
<td>MUNICIPALITY</td>
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<td></td>
<td>TOTAL</td>
<td>TOTAL</td>
<td>R65 035,00</td>
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</tbody>
</table>
12.5

C05/08/19 REPORT ON INTEGRATED HUMAN SETTLEMENTS – ADOPTION OF THE STRATEGIC IHS FRAMEWORK PLAN

REPORT FROM THE DIRECTOR: INTEGRATED HUMAN SETTLEMENTS

PURPOSE OF THE REPORT

To update the Municipal Council about the workshop process concerning the new draft Strategic IHS Framework Plan.

PREVIOUS RESOLUTIONS

The Draft Plan was previously submitted to the Special Council meeting held on 21 June 2019, after it was first submitted to the Top Management Team (TMT). This was followed by submission of an update report for noting to the Section 80 Committee held in August 2019 which resolved to note same for further submission to full Council on 29 August 2019 for final evaluation and adoption of the Strategic IHS Plan.

BACKGROUND

Council previously supported the Plan in principle subject to it being internally workshopped to all Councilors. This was to be followed by a further submission for final endorsement/approval of Council.

Included in this process was the adoption of the newly proposed Organogram to capacitate the Directorate. It was also approved with the exception of two new management positions (i.e. Public and Social Housing as well as Housing Finance respectively) which necessitated that these be subjected to the Local Labor Forum (LLF). The LLF endorsed the new organogram which included these two positions as well as the re-designation of all previous positions. These positions are currently being subjected to the Corporate Job evaluation and placement processes. One approved position (Manager IHS) has already been filled as of 1 August 2019.

DISCUSSION

The Committee needs to consider the related progress as reflected in the attached presentation.

It should be noted that although there were some concerns and areas that required further clarity during the workshop, these were responded to and the Plan was subsequently supported for presentation to full council for endorsement. Council is now duly advised that the internal workshop process was conducted during July and August 2019. Once Council has approved the Plan, this will be communicated to the WCDOHS who have advised of the need for the Municipality to have a council supported Strategic Plan that defines and guides its policies and programme roll out.
RELEVANT LEGISLATION

The implementation of these projects is guided by the following legislation:

- Constitution of the Republic of South Africa
- National Housing Code
- National Housing Act
- Municipal Finance Management Act
- Public Finance Management Act
- Social Housing Act

RECOMMENDATION OF THE MUNICIPAL MANAGER

[a] That the newly conceptualised Knysna Municipality Strategic Integrated Human Settlements Plan, be approved;

[b] That the Western Cape Department of Human Settlements be formally advised of the Plan;

[c] That an external stakeholder consultative process to build common understanding and support of the Plan be initiated and conducted with all related stakeholders;

[d] That the Directorate of Integrated Human Settlements be authorised to proceed with the formulation and finalisation of a related Policy Framework and an Operational Procedures which will commonly guide all related administrative and management processes for provision of housing programmes and services; and

[e] That the capacitation of the Directorate be undertaken in alignment to the Strategic Plan, Policies and Operational Procedures.

File Number : 9/1/2/13
Execution : Director : Integrated Human Settlements
13. **RESOLUTIONS FROM THE RELEVANT COMMITTEES**

**RECOMMENDATION**

That the resolutions of the relevant committees, in terms of the applicable delegations as per the items mentioned below, be noted.

Execution: Municipal Manager  
Director: Corporate Services  
Director: Financial Services  
Director: Technical Services  
Director: Community Services  
Director: Planning and Development  
Director: Integrated Human Settlements

Refer to the Relevant Committee Agendas for the relevant items.

**COMMUNITY SERVICES COMMITTEE MEETING HELD ON 5 AUGUST 2019**

**MC01/08/19 INFORMATION REPORT ON MUNICIPAL HEALTH AND ENVIRONMENTAL SERVICES FOR MAY 2019**

**UNANIMOUSLY RESOLVED**

That the Information Report on Municipal Health and Environmental Services for May submitted by Garden Route District Municipality, be noted.

File Number: 9/1/2/5  
Execution: Director: Community Services  
Acting Chief Municipal Health Services

**MC02/08/19 CAPITAL LINE ITEM REPORT AS AT 25 MAY 2019**

**UNANIMOUSLY RESOLVED**

That the expenditure and progress report on the Capital Projects for Community Services, be noted.

File Number: 9/1/2/5  
Execution: Director: Community Services  
Manager: Protection Services

**MC04/08/19 REPORT ON YOUTH CELEBRATIONS 15-16 JUNE 2019**

**UNANIMOUSLY RESOLVED**

That the report on the Youth day Celebration from 15-16 June 2019, be noted.

File Number: 9/1/2/5  
Execution: Director: Community Services
ITEMS SUBMITTED TO TECHNICAL SERVICES COMMITTEE MEETING HELD ON 06 AUGUST 2019

MT01/08/19 REPORT ON CUSTOMER SERVICE REQUESTS

UNANIMOUSLY RESOLVED

That the report on Customer Service requests, be noted.

File Number : 9/1/2/1
Execution : Director : Technical Services

MT02/08/19 GRAVEL ROAD UPGRADE PROJECT STATUS REPORT

UNANIMOUSLY RESOLVED

That the report on the gravel road upgrade project be noted, and be forwarded to Council for perusal.

File Number : 9/1/2/9
Execution : Director : Technical Services

MT03/08/19 FURTHER REPORT ON INCIDENT AT THE KNYSNA WASTE WATER TREATMENT WORKS

UNANIMOUSLY RESOLVED

That the contents of the further report on an incident at the Knysna Waste Water Treatment Works, be noted.

File Number : 9/1/2/1
Execution : Director : Technical Services

MT04/08/19 REPORT ON OPERATIONS AND MAINTENANCE : WATER AND SEWER FOR MARCH AND APRIL 2019

UNANIMOUSLY RESOLVED

That the contents of the report on Operations and Maintenance: Water and Sewer for March and April 2019, be noted.

File Number : 9/1/2/1
Execution : Director : Technical Services

MT05/08/19 DEPARTMENTAL PERFORMANCE MANAGEMENT REPORT [SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN]

UNANIMOUSLY RESOLVED

That the Departmental Performance Management Report [Service Delivery and Budget Implementation Plan], be noted.

File Number : 9/1/2/1
Execution: Director: Technical Services

MT06/08/19  KNYSNA BULK WATER AUGMENTATION: DAM PHASING

UNANIMOUSLY RESOLVED

[a] That the content of the Knysna Bulk Water Augmentation: Dam Phasing report, be noted;

[b] That the phasing of a dam on Kruisvallei River, be supported; and

[c] That Director Technical Services continue with the feasibility for a new Dam for Knysna.

File Number: 9/1/2/1
Director: Technical Services

T07/08/19  ELECTRO-TECHNICAL OPERATIONS REPORT

UNANIMOUSLY RESOLVED

That the contents of the Electro – Technical Operations Report for March to April 2019, be noted.

File Number: 9/1/2/1
Execution: Director: Technical Services
Manager: Electro Technical

MT09/08/19  REPORT ON THE MUNICIPAL FLEET

UNANIMOUSLY RESOLVED

That the contents of the report on the Municipal fleet, be noted.

File Number: 9/1/2/1
Execution: Director: Technical Services
Manager: Electro Technical

MT10/08/19  REPORT ON THE OPERATIONS AND MAINTENANCE TO STORMWATER AND ROADS FOR THE PERIOD MARCH TO MAY 2019

UNANIMOUSLY RESOLVED

That the contents of the report on the operations and maintenance to stormwater and roads for March to May 2019, be noted.

File Number: 9/1/2/1
Director: Director: Technical Services
Manager: Stormwater and Roads
MT11/08/19  MAINTENANCE PROGRAMME FOR ROADS AND STORM WATER, 2019/2020

UNANIMOUSLY RESOLVED

That the report on the Maintenance Programme for Roads and Storm Water, 2019/2020, be noted.

File Number : 9/1/2/1
Execution : Director : Technical Services
           Manager : Public Works

MT12/08/19  CBD RENEWAL PROGRAMME-GREY STREET PROJECT STATUS REPORT

UNANIMOUSLY RESOLVED

That the contents of the CBD renewal programme – Grey Street Project Status report, be noted.

File Number : 9/1/2/1
Execution : Director : Technical Services
           Manager : Public Work

MT13/08/19  STATUS OF CAPITAL PROJECTS 2018/19

UNANIMOUSLY RESOLVED

That the report on the Capital Project Implementation for the 2018/2019 financial year, be noted.

File Number : 9/1/2/1
Execution : Director : Technical Services
           Manager : PMU
           Manager : Public Works
           Manager : Water and Sewer

ITEMS SUBMITTED TO THE PLANNING COMMITTEE MEETING HELD ON 07 AUGUST 2019

MP01/08/19  TOWN PLANNING AND BUILDING CONTROL QUARTERLY REPORT QUARTER 3

UNANIMOUSLY RESOLVED

That the Town Planning and Building Control quarterly report for Quarter 3 of 2018/2019, be noted.

File Number : 9/1/2/13
Execution : Director : Planning and Development
MP02/08/19  TOWN PLANNING AND BUILDING CONTROL QUARTERLY REPORT QUARTER 4

UNANIMOUSLY RESOLVED

[a] That the Town Planning and Building Control Quarterly Report for Quarter 4 of 2018/2019 be noted; and

[b] That the information of future reporting be accurate and relevant.

File Number: 9/1/2/13
Execution: Director: Planning and Development

MP03/08/19  KNYSNA ESTUARY AUTHORITIES POLLUTION MEETINGS: REPORT

UNANIMOUSLY RESOLVED

That the report on the Knysna Estuary Authorities Pollution meetings, be noted.

File Number: 9/1/2/13
Execution: Director: Planning and Development

MP04/08/19  HEIDEVALLEI PRECINCT PLAN

([a] to [c] recommended to Council)

UNANIMOUSLY RESOLVED

[d] That a site visit be arranged by the Director; Planning and Development for the members of the Committee on a date to be determined by the Chairperson, to visit the Heidevallei precinct.

File Number: 9/1/2/13
Execution: Director: Planning and Development

MP05/08/19  ENVIRONMENTAL MANAGEMENT QUARTERLY REPORTS: QUARTER 3 AND QUARTER 4

UNANIMOUSLY RESOLVED

That the Environmental Management Quarterly Reports for Quarter 3 and Quarter 4, be noted.

File Number: 9/1/2/13
Execution: Director: Planning and Development
Manager: Environmental Management
ITEMS SUBMITTED TO THE MAYORAL COMMITTEE MEETING HELD ON 13 AUGUST 2019

M02/08/19  REPORT ON CORPORATE SERVICES SDBIP QUARTERLY PERFORMANCE REPORT APRIL TO JUNE 2019

UNANIMOUSLY RESOLVED

That the Corporate Services SDBIP Quarterly Performance Report for the period April 2019 to June 2019, be noted.

File Number : 9/1/2/8
Execution : Director : Corporate Services
Manager : Human Resources

M03/08/19  REPORT ON HUMAN RESOURCES MATTERS FOR QUARTER 4 OF 2018/2019 FINANCIAL YEAR

UNANIMOUSLY RESOLVED

That the quarterly report on the Human Resources activities for the period April 2019 to June 2019, be noted.

File Number : 9/1/2/8
Execution : Director : Corporate Services
Manager : Human Resources

M04/08/19  REPORT ON OHS AND EMPLOYEE MATTERS FOR QUARTER 4 OF 2018/2019 FINANCIAL YEAR

UNANIMOUSLY RESOLVED

That the quarterly report on the OHS and Employee Wellness activities for the period April 2019 to June 2019, be noted.

File Number : 9/1/2/8
Execution : Director : Corporate Services
Manager : Human Resources

M05/08/19  QUARTERLY REPORT ON LEGAL MATTERS : QUARTER 4 OF 2018/2019

UNANIMOUSLY RESOLVED

That the Quarterly Report on the Status of Legal Matters for the period 20 March 2019 to 20 May 2019, be noted.

File Number : 9/1/2/9
Execution : Director : Corporate Services
Manager : Legal Services
M06/08/19  COMMUNITY DEVELOPMENT WORKERS QUARTERLY REPORT : APRIL 2019 TO JUNE 2019

UNANIMOUSLY RESOLVED

That the Quarter 4 report on the Community Development Workers for April 2019 to June 2019, be noted.

File Number : 9/1/1/1
Execution :  Municipal Manager
           Director : Corporate Services
           Manager : Public Participation

M08/08/19  QUARTER 3 DEPARTMENTAL REPORT : ECONOMIC DEVELOPMENT

UNANIMOUSLY RESOLVED

That the economic development department departmental performance report for Quarter 3 of 2018/2019, be noted.

File Number : 9/1/2/13
Execution : Director : Planning and Development
           Manager : LED

M09/08/19  QUARTER 4 DEPARTMENTAL REPORT : ECONOMIC DEVELOPMENT

UNANIMOUSLY RESOLVED

That the Economic Development Department Departmental Performance Report for Quarter 4 of 2018/2019, be noted.

File Number : 9/1/2/13
Execution : Director : Planning and Development
           Manager : LED

M10/08/19  PROGRESS REPORT OF THE SOUTH CAPE ECONOMIC PARTNERSHIP (SCEP)

UNANIMOUSLY RESOLVED

That the progress report submitted by SCEP, be noted.

File Number : 9/1/2/13
Execution : Director : Planning and Development
           Manager : Economic Development

M11/08/19  INTEGRITY MANAGEMENT FRAMEWORK

UNANIMOUSLY RESOLVED

That the Integrity Management Framework, be workshopped with all Councillors whereafter it be resubmitted to the Mayoral Committee for further consideration.
INSURANCE REPORT FOR THE PERIOD 1 JULY 2018 UNTIL 1 JUNE 2019

UNANIMOUSLY RESOLVED

That the Insurance Report for the period 1 July 2018 up to and including 1 June 2019, be noted.

File Number : 9/1/2/10
Execution : Municipal Manager
Director : Financial Services
Manager : Annual Financial Statements

REPORT ON THE IT DEPARTMENT'S SDBIP RESULTS FOR MARCH AND APRIL 2019

UNANIMOUSLY RESOLVED

That the report on the IT Department's SDBIP KPI results for March and April 2019, be noted.

File Number : 9/1/2/10
Execution : Director : Financial Services
Manager : Information Technology

REPORT ON THE IT DEPARTMENT'S SDBIP RESULTS FOR MAY, JUNE AND OVERALL FOR 2018/19

UNANIMOUSLY RESOLVED

That the report on the IT Department's SDBIP KPI results for May, June and overall for 2018/19 be noted.

File Number : 9/1/2/10
Execution : Director : Financial Services
Manager : Information Technology

APPROVAL OF IT POLICIES

The item with regard to the Approval of IT Policies was withdrawn as it served at the Council Meeting held on 30 May 2019.
14. In committee Items (See separate agenda)

15. Consideration of Motion

15.1 **MOTION 1 : THAT KNYSNA MUNICIPALITY INVESTIGATE THE ESTABLISHMENT OF A TVET COLLEGE**

19 August 2019

The Speaker
Knysna Municipality
Knysna
bS/U

Dear Speaker

**NOTICE OF MOTION: THAT KNYSNA MUNICIPALITY INVESTIGATE THE ESTABLISHMENT OF A TVET COLLEGE**

I, Claudine Crouitz hereby give notice of my attention to move a Motion in terms of Rules 25 and 26 of the Rules of Order for Internal Arrangements By-law at the forthcoming Council Meeting that will be held on August 2019.

The Motion is as follows:

1. That Council formally resolves to authorize the Municipal Manager to investigate the possibility and viability of the establishment of a TVET College within the municipal district of Knysna.

**Motivation**

The majority of school leavers after matric have to leave Knysna to further their education in the cities, which is an added financial burden on parents. It would therefore be advantageous to students as well as employed persons who wish to further their studies if a college (TVET or FET) is established in Knysna. The former Tshia College building in Karatara is a possibility.

**THUS DONE AND SIGNED ON AUGUST 2019 AT KNYSNA**

[Signature]

Councillor C. Crouitz (Mover)

[Signature]

Councillor A. Tshengwa
15.2 **MOTION 2 : DAMSE BOS LAND FOR SCHOOL**

19 August 2019

The Speaker
Knysna Municipality
Knysna
6570

Dear Speaker,

**NOTICE OF MOTION: DAMSE BOS LAND FOR A SCHOOL**

I, Claudine Croux hereby give notice of my intention to move a Motion in terms of Rules 25 and 26 of the Rules of Order for Internal Arrangements by-law at the forthcoming Council Meeting that will be held on 29 August 2019.

The Motion is as follows:

1. That Council formally resolves to that the Municipal Manager investigates in conjunction with the Western Cape Department of Education the possibility of building a primary school in Damse Bos

**Motivation**

It is common cause that a considerable number of learners have to travel from Damse Bos/ Nekkies area to other areas (Homelae and Concordia) to attend school. During the winter months these learners have to stand in the awful winter conditions waiting for transport to and from schools.

**THUS DONE AND SIGNED ON AUGUST 2019 AT KNYSNA**

[Signature]

Councillor C Croux (Mover)

[Signature]

Councillor A Tsengwa
15.3 **MOTION 3: KRUISFONTEIN LAND FOR DEVELOPMENT**

15 August 2019

The Speaker

Knysna Municipality

Knysna

6570

Dear Speaker:

**NOTICE OF MOTION: KRUISFONTEIN LAND FOR DEVELOPMENT**

I, Claudine Croutz hereby give notice of my attention to move a Motion in terms of Rules 25 and 26 of the Rules of Order for internal Arrangements By-law at the forthcoming Council Meeting that will be held on 29 August 2019.

The Motion is as follows:

1. That Council formally resolves to enter into negotiations with MTO who is currently the leaseholder of the property situated in Kruisfontein, with a view to purchase a portion of the property for housing development purposes.
2. That Council explores the possibility of expropriation with compensation as contemplated by the Constitution and the Expropriation Act 63 of 1975, in the event of the negotiations with MTO fails.
3. That the urban edge of Knysna Spatial Development Framework be expanded in order to allow for future development.

**Motivation**

It is common cause that Knysna is one of the fastest growing towns in the Western Cape and the country. It is therefore imperative that land for housing be identified for future housing development.

**THUS DONE AND SIGNED ON AUGUST 2019 AT KNYSNA**

Councillor C Croutz (Mover)

Councillor A Tsengwa
MOTION 4: RESCIND SCARCE SKILLS ALLOWANCE

2 August 2019

The Speaker
Knysna Municipal Council

Dear Cllr Gombo

NOTICE OF INTENTION TO INTRODUCE A MOTION

RELEVANT RULE OF ORDER:
Rule 26 of the Knysna Municipality. Rules of Order for Internal Arrangements provides that:

1. Unless provided otherwise in these rules, a notice of motion must be in writing, motivated, signed by the relevant councillor, dated and delivered to the Speaker at least six working days before the date of the meeting at which it is to be moved.

2. The Speaker must either put the motion in the agenda or refer such motion to the committee, which is dealing with the matter.

I, Cllr Michelle Wasserman, hereby give notice of my intention to introduce the motion below at the next Ordinary Meeting of the Knysna Municipal Council.

Knyne Municipal 2019-08-02
Office of the Speaker

[Signature]

[Date: 02/08/2019]
MOTIVATION:

1. On 13 August 2018 the Krynica Municipal Council resolved under item C10/08/18 (Annexure “A”) that
   “the Municipal Council approves that all senior managers be paid 20% scarce skills allowance equally for implementation effectively 25 August 2018.”.

2. On 29 October 2018, due to the allowance being deemed illegal by the MEC for Local Government, Council resolved under item SC08/10/18 (Annexure “B”):
   “[c] That the resolution of the Municipal Council per Item C10/08/18 –Scarce Skills Allowance, taken during an Ordinary Municipal Council meeting held on 13 August 2018, be hereby revoked,
   [d] That all 20% Scarce Skills Allowances paid to Senior Managers since 25 August 2018 be recovered within thirty (30) days from the date of this resolution”

3. On 11 June 2019 the Krynica Municipal Council resolved (by majority vote) under item C06/06/19 (the minutes of which have not yet been approved):
   [c] That the Municipal Council reinstates the 20% scarcity allowance for Section 54A and 56 Senior Managers.”

4. In a memo from the Municipal Manager to the CFO dated 11 June 2019 (Annexure “C”), the Municipal Manager stated as follows:
   “Kindly be advised the Council resolved, in a meeting held on the 11th June 2019, in terms of Resolution No: C06/06/19, to re-instate the 20% scarce skills allowance payable to Senior Managers in terms of the employment contracts, and that was withdrawn terms [sic] of Resolution No: SC08/10/18.” The Municipal Manager’s memo went on to direct the CFO to “implement the resolution as tabulated.”
5. As a result of the Municipal Manager's directive, the Municipal Manager and Senior Managers were paid backpay in respect of the scarcity allowance. According to the figures provided by the CFO (Annexure "D"), the total amount back-paid to the Municipal Manager (Dr Vatala) and Directors (Mr Memani, Ms Makone, Mr Hariparad and Ms Boyce) in respect of the scarcity allowance for the period September 2018 up to and including May 2019 was R597,790.86.

6. It is clear from Annexure "D" that Council Resolution SC05/10/18 was not implemented in that the 20% Scarcity Allowances paid to Senior Managers from 25 August 2018 was not recovered.

7. The following amounts have been provided as the annual remuneration packages and scarce skills allowances which will be paid to the Municipal Manager and Directors:

<table>
<thead>
<tr>
<th>Position</th>
<th>Remuneration Package / year</th>
<th>Scarcity Skills %</th>
<th>Scarcity Skills Allowance / year</th>
<th>Total remuneration / year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal Manager</td>
<td>1,348,869.00</td>
<td>20%</td>
<td>269,773.80</td>
<td>1,618,642.80</td>
</tr>
<tr>
<td>CFO</td>
<td>1,134,760.20</td>
<td>20%</td>
<td>226,962.04</td>
<td>1,361,712.24</td>
</tr>
<tr>
<td>Director: Corporate Services</td>
<td>1,102,590.00</td>
<td>20%</td>
<td>220,519.00</td>
<td>1,323,109.00</td>
</tr>
<tr>
<td>Director: Technical Services</td>
<td>1,102,590.00</td>
<td>20%</td>
<td>220,519.00</td>
<td>1,323,109.00</td>
</tr>
<tr>
<td>Director: Planning &amp; Development</td>
<td>1,134,700.20</td>
<td>20%</td>
<td>226,952.04</td>
<td>1,361,712.24</td>
</tr>
<tr>
<td>Director: Community Services</td>
<td>1,102,590.00</td>
<td>20%</td>
<td>220,519.00</td>
<td>1,323,109.00</td>
</tr>
<tr>
<td>TOTALS:</td>
<td>6,926,159.40</td>
<td>20%</td>
<td>1,385,231.88</td>
<td>8,311,391.28</td>
</tr>
</tbody>
</table>
8. The scarce skills allowance will therefore cost the Knysna Council an additional R1,385,231.88 per year for the Municipal Manager and Directors.

9. The approval of the 20% scarcity allowance by the majority of the Knysna Council on 11 June 2019 was based on the argument that:

“The Constitutional Court declared the Municipal Systems Amendment Act, 2011 invalid and unlawful in a judgment passed on the 9th March 2019. A supplementary legal opinion was sought to establish the implications of the judgement on the implementation of the Regulations on appointments as well as Regulations on Upper limits of Senior Managers, which came to exist as a result of the invalidated Municipal Systems Amendment Act, 2011. It is the submission of our Legal Counsel that the Regulations are invalid and of no force and therefore Council is not bound by the regime created by the said Regulations, until a new Amendment Act is passed by Parliament.” (Council Agenda 11 June 2019 p95).

10. The National Minister of COGTA, Minister Mkhize has, however, clearly stated that:

“The Upper Limits of Total Remuneration Packages Payable to Municipal Managers and Managers Directly Accountable to Municipal Managers (“the Upper Limits Notice”) deals with the upper limits of total remuneration packages payable to municipal managers and managers directly accountable to municipal managers, as envisioned in sections 72(1)(g) and (i) of the Systems Act. The Upper Limits Notice accordingly remain valid and enforceable and municipalities are required to comply therewith after 9 March 2019.” (see http://www.cogta.gov.za/?p=6584 ).
11. I have been informed that the Western Cape Provincial Minister of Local Government, Environmental Affairs and Development Planning, MEC Bredell, holds the same view as Minister Mthizoe i.e. that the Upper Limits Notice remains valid and enforceable and municipalities are required to comply therewith.

12. In the light of the fact that the Upper Limits Notice remains valid and enforceable and municipalities are required to comply therewith, any scarce skills allowance paid above the upper limits is unlawful.

13. Even if the Upper Limits Notice did not remain valid and enforceable after 9 March 2019 (which is not the case), any remuneration back paid to before that date will certainly have been unlawfully.

14. The Knysna Council claims to currently have insufficient funds to provide basic services such as the repair of potholes and the provision of basic sanitation to all households. It is the view of the Knysna Democratic Alliance caucus that it is therefore neither right nor reasonable that this Council pay such exorbitant salaries to its Municipal Manager and Directors.

**MOTION:**

(a) That the resolution of the Municipal Council per Item C06/05/19 taken during the Municipal Council meeting held on 11 June 2019, be hereby revoked;

(b) That all 20% Scarc Skills Allowances paid to Senior Managers since 25 August 2018 be recovered within thirty (30) days from the date of this resolution;

(c) That the Municipal Manager take the relevant consequence management steps in respect of the failure to implement Council Resolution SC08/10/18 in that the 20% Scarc Skills Allowance paid to Senior Managers from 25 August 2018 was not recovered within thirty (30) days from the date of that resolution.

(d) That the Municipal Manager report to Council at its next meeting on the steps taken in respect of (b) and (c) above.
Signed by: Cllr Michelle Wasserman (DA)
Date: 2 August 2019

Seconded by: Cllr Donovan Pofadder (DA)
Date: 2 August 2019
ORDINARY MUNICIPAL COUNCIL MEETING
AGENDA
29 AUGUST 2019

ORDINARY MUNICIPAL COUNCIL MEETING
AGENDA
27 SEPTEMBER 2018

C19/08/18 SCARCE SKILLS ALLOWANCE

UNANIMOUSLY RESOLVED

[a] That the Scarce Skills Allowance, be noted;

[b] That all senior managers be paid 20% scarce skills allowance equally;

[c] That the Municipal Council approves that all senior managers be paid 20% scarce skills allowance equally for implementation effectively 25 August 2018.

File Number: 4/1/1/p
Execution: Director: Financial Services
Acting Director: Corporate Services

Cllr van Aswegen requested that his vote be requested against the above resolution.

10. In committee items (See separate agenda)

11. Consideration of Motions

12. Consideration of Questions

Cllr Davis stepped out at 13:44
Cllr Croutz stepped out at 13:44
ORDINARY MUNICIPAL COUNCIL MEETING
AGENDA
29 AUGUST 2019

SC07/10/18  AN UPDATE ON THE TOURISM MANDATE AND FUNCTIONS
UNANIMOUSLY RESOLVED
That the Report giving an update on the Tourism Mandate and Functions, be
noted and accepted.

File Number : 9/1/0/14
Execution : Acting Municipal Manager

Cllr Gombo stepped out at 11:03
The Speaker requested all directors to leave the Council Chambers for the duration
of the Scarce Skills Allowance for Senior Managers item.

Cllr Coetzee returned at 11:04
Cllr Skosana stepped out at 11:07
Cllr Kwinana stepped out at 11:08
Cllr Skosana returned at 11:09
The ANC requested a Caucus from 11:11 until 11:35
Body break from 11:11 until 11:35

SC08/10/18  SCARCE SKILLS ALLOWANCE FOR SENIOR MANAGERS
UNANIMOUSLY RESOLVED

[a] That the report on the Scarce Skills Allowance for Senior Managers, be
noted;

[b] That the letter from the Provincial Minister of Local Government,
Environmental Affairs and Development Planning titled "Scarce Skills
Allowance for Senior Managers: Knysna Municipality", dated 10
October 2018, be noted;

[c] That the resolution of the Municipal Council per Item C10/08/18 –
Scarce Skills Allowance, taken during an Ordinary Municipal Council
meeting held on 13 August 2018, be hereby revoked;

[d] That all 20% Scarce Skills Allowances paid to Senior Managers since
25 August 2018 be recovered within thirty (30) days from the date of
this resolution, and

[e] That a delegation be sent to COGTA National led by the Acting
Municipal Manager to engage and inform the re-categorization of
Knysna Municipality to a Grade 4.

File Number : 4/1/1/UP
Execution : Acting Municipal Manager
ORDINARY MUNICIPAL COUNCIL MEETING
AGENDA
29 AUGUST 2019

TO: CHIEF FINANCIAL OFFICER
CC: DIRECTOR: CORPORATE SERVICES; PAYROLL OFFICER
FROM: MUNICIPAL MANAGER
DATE: 11 JUNE 2019

COLLAB: REF: ______________________
FILE REF: ______________________
REGARDING: RE: INSTATION OF SCARCE SKILLS ALLOWANCE FOR SECTION 54A AND 86 MANAGERS

Kindly be advised the Council resolved, in a meeting held on the 11th June 2019, in terms of Resolution No. C069/619, to re-instate the 20% scarce skills allowance payable to Senior Managers in terms of the employment contracts, and that was withdrawn terms of Resolution No. SC06/10/18.

You are therefore directed to implement the resolution as tabulated.

The reinstatement of the 20% allowance to the salary packages of senior managers is tabulated as follows:

<table>
<thead>
<tr>
<th>DIRECTOR</th>
<th>DATE OF IMPLEMENTATION</th>
<th>DATE OF TERMINATION</th>
<th>PERIOD OF SUSPENSION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Financial Officer</td>
<td>Paid from August to 31 October 2018</td>
<td></td>
<td>Nov 2018 – May 2019 = 7 months</td>
</tr>
<tr>
<td>Director Planning &amp; Development</td>
<td>Paid from August to October 2018</td>
<td></td>
<td>Nov 2018 – May 2019 = 7 months</td>
</tr>
<tr>
<td>Director Corporate Services</td>
<td>Paid from September to October 2018</td>
<td></td>
<td>Nov 2013 – May 2019 = 7 months</td>
</tr>
<tr>
<td>Director Infrastructure Services</td>
<td>No payment from assumption of duty in October 2019</td>
<td></td>
<td>October 2018 to May 2019 = 8 months</td>
</tr>
<tr>
<td>Municipal Manager</td>
<td>No payment from assumption of duty in April 2019</td>
<td></td>
<td>April to May 2019 = 2 months</td>
</tr>
</tbody>
</table>

OR SW YATALA
MUNICIPAL MANAGER
SPECIAL COUNCIL MEETING
MINUTES
11 JUNE 2019

C06/06/19

SCARCE SKILLS ALLOWANCE FOR SECTION 54A AND 58 MANAGERS

Cllr Wassermaan proposed, seconded by Cllr Pofadder that resolution (a) remain as resolutions (b) and (c) be removed.

6 Votes were recorded for the resolution
Cllr Malikana proposed, seconded by Cllr Crouts that the recommendation remain as is

11 Votes were recorded for the resolution

RESOLVED BY MAJORITY

(a) That the Municipal Council notes the legal opinion on the report on payment of scarcity allowance;

(b) That the Municipal Council rescind its Council resolution No. SC08/10/16 dated 29 October 2018; and

(c) That the Municipal Council reinstates the 20% scarcity allowance for Section 54A and 58 Senior Managers.

File Number: 911/2018
Execution: Municipal Manager
Director: Financial Services
Director: Corporate Services

The following Councillors requested that their votes be recorded against the above resolution:

Cllr M. Wassermaan
Cllr C. M. de Klerk
Cllr D. Pofadder
Cllr S. A. Swart
Cllr L. Tshokolo
Cllr L. Davis
Cllr G. Wassermaan
## Ordinary Municipal Council Meeting Agenda

29 August 2019

### Search Allowance as per Council Resolution of 31 June 2019

<table>
<thead>
<tr>
<th>Code</th>
<th>Department</th>
<th>Name</th>
<th>Annexed</th>
<th>Month</th>
<th>Amount (P)</th>
<th>Amount (R)</th>
<th>Address</th>
<th>Force</th>
<th>Situatio</th>
<th>PCT @ 5%</th>
<th>Amount</th>
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<td>Director Technical Services</td>
<td>Maresero</td>
<td>Mar 2019</td>
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15.5 **MOTION 5 : DRAFT KNYSNA MUNICIPALITY TARIFF AND PROPERTY RATES POLICIES 2019/2020**

5 August 2019

The Speaker

Knysna Municipal Council

Dear Cllr Gombo

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**NOTICE OF INTENTION TO INTRODUCE A MOTION**

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**RELEVANT RULE OF ORDER:**

Rule 26 of the Knysna Municipality: Rules of Order for Internal Arrangements provides that:

(1) Unless provided otherwise in these rules, a notice of motion must be in writing, motivated, signed by the relevant councillor, dated and delivered to the Speaker at least six working days before the date of the meeting at which it is to be moved.

(2) The Speaker must either put the motion in the agenda or refer such motion to the committee, which is dealing with the matter.

I, Cllr Levaal Davis, hereby give notice of my intention to introduce the motion below at the next Ordinary Meeting of the Knysna Municipal Council.

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**MOTIVATION:**

2. The same paragraph appeared at paragraph 13(2) of the Draft KM Tariff Policy 2019 / 2020 and at paragraph 18 of the Draft KM Property Rates Policy 2019 / 2020, i.e.:

"Where the rates (and services) levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates (and services) payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll. In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation."

3. Councillors argued in the policy workshop that the provision in terms of which backdating of rates and / or services could take place where there had been an error or omission on the part of the municipality was unfair and should be amended.

4. It was agreed by Councillors and officials in the policy workshop that paragraph 13(2) of the Draft KM Tariff Policy 2019 / 2020 and paragraph 18 of the Property Rates Policy 2019 / 2020 would be amended so that they did not provide for backdating of rates and / or services where there had been an error or omission on the part of the municipality – unless the error was that rates and / or services were payable but had not been levied.

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\(^1\) The words "and services" were only in the Draft KM Tariff Policy 2019 / 2020
\(^2\) The words "and services" were only in the Draft KM Tariff Policy 2019 / 2020
5. On 30 May 2019, when the budget related policies were presented to Council for approval, seven of the nine DA Councillors (Cllrs Woomans, Davis, Weideman, Potadder, Kwnana, Tyokoio and Wasserman) abstained from voting to approve these policies, due to the fact that the policies presented for approval had been made available too late for councillors to be able to read them. We argued that we could not approve policies when we had not had time to determine whether the changes that we had requested had in fact been made. The majority of the Knysna Council, however, voted to approve the budget related policies presented to the Council.

6. Paragraph 13(2) of the approved KM Tariff Policy 2019 / 2020 was amended following the policy workshop. The relevant paragraphs of the approved KM Tariff Policy 2019 / 2020 read as follows:

"(2) Where the rates and services levied on a particular property has been incorrectly billed due to false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates and services payable shall be appropriately adjusted. Rates will be adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll. An error or omission in the levying of services tariffs will be corrected for the current financial year and six months preceding the financial year. Interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation. This section does not prevent the municipality from retrospectively levying rates and services where the municipality is able to prove the claim in a normal legal process.

(2) Where the rates and services levied on a particular property have been incorrectly billed due to an error by the municipality, the rates and services payable shall be appropriately adjusted from the date of discovery of the error. No interest will be charged."
7. Paragraph 18 of the KM Property Rates Policy 2019 / 2020 was not amended as agreed in the policy workshop.

8. Paragraph 18 of the approved KM Property Rates Policy 2019 / 2020 therefore still reads as follows:

"Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll. In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation."

9. Although paragraphs 18 of the approved KM Property Rates Policy 2019 / 2020 and Paragraphs 13(2) and (3) of the approved KM Tariff Policy 2019 / 2020 both refer to the rates levied on a particular property, they contradict each other with regard to the way errors made by the municipality are to be dealt with.

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3 Compare Paragraph 13(3) of the KM Tariff Policy 2019 / 2020:
"Where the rates and services levied on a particular property have been incorrectly billed due to an error by the municipality, the rates and services payable shall be appropriately adjusted from the date of discovery of the error. No interest will be charged."

With paragraph 18 of the KM Property Rates Policy 2019 / 2020:
"Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll."

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10. Residents have complained that the Municipality has changed the status of usage of land and then backdated the rates for the previous two years 2017-2018 and 2018-2019. For example, one resident has reported that the status of land was changed from Agricultural Bona Fide Farm to Rural Residential.

11.1 When he received his statement dated the end of April, he was R323.85 in credit. When he received May's statement, he was R13 858.93 in debit.

11.2 He was informed that the municipality had changed the status of the usage of the land and had then backdated this for the previous two years 2017-2018 and 2018-2019.

11.3 It was the decision of Knysna Municipality which category the land usage fell. If there was an error, then it was that of Knysna Municipality.

11.4 To add insult to injury. Knysna Municipality then also charged interest on the overdue amount.

11. This back-dating of rates where Knysna Municipality has made an error was also reported on the front page of "The Edge" Issue 588 10 July 2019 (Annexure “A”). The Municipality’s response to The Edge’s query was to quote the approved paragraph 19 of the KM Property Rates Policy 2019 / 2020.

12. Paragraph 19 of the approved KM Property Rates Policy 2019 / 2020, as presented to Council on 30 May 2019, is not what Councillors agreed to when this policy was workshoped with us. The Knysna Democratic Alliance Caucus believes that paragraph 19 of the approved KM Property Rates Policy 2019 / 2020 is grossly unfair and probably unlawful.

13. The KM Property Rates Policy 2019 / 2020 should be amended to reflect the views of Council as agreed to by Councillors at the budget policy workshop.
MOTION:

(a) That paragraph 18 of the Property Rates Policy 2019 / 2020 be amended to read:

"(1) Where the rates levied on a particular property have been incorrectly billed due to false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted. This section does not prevent the municipality from retrospectively levying rates where the municipality is able to prove the claim in a normal legal process.

(2) Where the rates levied on a particular property has been incorrectly billed due to an error by the municipality, the rates payable shall be appropriately adjusted from the date of discovery of the error. No interest will be charged."

(b) That all backdated rates and/or interest charged thereon in terms of the paragraph 18 of the Property Rates Policy 2019 / 2020 approved on 30 May 2019 be reversed.

Signed by: Cllr Levael Davis (DA)
5 August 2019

Seconded by: Cllr Michelle Wasserman (DA)
5 August 2019
ANNEXURE “A”: The Edge Issue 568 10 July 2019

MAKE A MANDELA DAY DIFFERENCE

On 18 July 2019, President Cyril Ramaphosa announced a R500 million fund to be used to create a Mandela Legacy Trust. The fund will support the rebuilding of homes and schools in South Africa.

RATES HIKE RAISES CONCERNS

The recent 1% increase in the general rate in the George Municipality may have been a result of a decision made by the Minister of Finance. However, the increase has raised concerns among residents and businesses.

The George Chamber of Commerce and Industry (GCCCI) has called on the municipality to provide clearer information on how the rate hike will affect property owners. The GCCCI has also urged the municipality to consider providing a grace period for property owners to adjust to the new rates.

The municipality has stated that the increase is necessary to fund the rehabilitation of the George River and other infrastructure projects. However, the GCCCI has expressed concern that the rate hike could disproportionately affect the business community, which has already been hit by the recession.

A spokesperson for the municipality explained that the rate hike was a result of the need to fund the rehabilitation of the George River, which has been affected by pollution and erosion.

The GCCCI has called on the municipality to provide more detailed information on how the rate hike will affect property owners and to consider providing a grace period for adjustment.

The municipality has stated that it will provide more information on the rate hike in the next few weeks.

Chas Everitt

Free Press in George

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ORDINARY MUNICIPAL COUNCIL MEETING  
AGENDA  
29 AUGUST 2019

RATES HIKE RAISES CONCERNS

The most recent rate invoices presented a nasty shock to a number of Greater Kenora residents, particularly those residing in the more rural areas. This has led residents who saw their rates increase by as much as 300%. Worse yet, these increases have been back-dated to 2017.

Those who approached the newspaper with concerns over this issue have asked that, where possible, to be heard by the valuers. The explanation is that they have recently moved to higher-value areas.

I have written to our valuers on this matter. I have made no announcement, to my knowledge, on the raising of categories or rates. We have not received any notification of a valuation being done. We have not been aware of any valuation being done.

It seems that the change in the rates charged stems from the Kenora Municipal Supplementary Valuation Roll 2017/2018, which was undertaken by IPP Property Valuation Experts and certified in February 31, 2019.

The document lists close to 100 properties in the Greater Kenora area which have been subject to a change in rates. Most of these are due to the property owner being reassessed by the valuers, or because they have assessed a substantial change in market value.

A large number of rural properties are on the Supplementary Valuation Roll, having been revalued as "residential", whilst others in residential areas have been revalued as "business". A query by one resident who asked why his farm had lost its "agricultural" zoning when nothing had changed on the property for years, received the following explanation from the Municipality:

"In order for the property to be changed to "agricultural", proof of bona fide farming from SARS is required. In the case of subsistence farming from SARS, the approval is subject to an ex-post facto inspection of the property."

But even on acceptance of the new zoning, the two-year backdating of the tax rates to 2017 seems for many the most bitter pill to swallow. The general consensus seems to be that though their rates have already been paid, and no deferral granted by the municipality, the property owners are being forced to pay the back-dated amount.

"It's almost like I'm being fined for something I didn't do," said one agrieved property owner. "If the Municipality hadn't changed our zoning and billed us accordingly back then, why weren't we liable for two years of the new rates backdated?"

But once again - the response from the Municipality is such a query indicated that the property owners must fork out, regardless.

"In terms of the rates policy, where the rates looked as a particular property have been incorrectly assessed, whether because of an error or omission on the part of the Municipality or false information provided by the property owner or consumer, a reassessment of the permitted use to which the property concerns may be made, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll."

When The EDGE asked the Kenora Municipality for comment on this rate· hikes, Spokesperson Christian Boudreault referred us to the valuation roll notice, which reads as follows:

Supplementary Valuation Roll 2

In terms of the Municipal Property Rates Act, "agricultural property" means property that is used primarily for agricultural purposes but excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of the property for the purpose of eco-tourism or for the trading, hiring, or leasing of livestock. In terms of Kenora Municipal's Rates Policy, "Bona fide farmers", means genuine or real farmer whose dominant income is generated from farming activities, on an agricultural property, within the Kenora Municipal area, and it is taxed by SARS as a bona fide farmers.

Properties categorised as "Non-urban domestic (Residential)" in the General Valuation Roll 2017/2018 were re-categorised to "Residential" in a Supplementary Valuation Roll due to the Kenora Urban dynamic of being phased out, whilst other properties were re-categorised in terms of section 16(1)

Notice advertising the publication of the Supplementary Valuation Roll 2 were fully published in the Provincial Gazette and notice of a public meeting for two consecutive weeks in the media, as required by the Municipal Property Rates Act, Act of 2004. This notice invited every person who wished to lodge an objection is respect of any matter omitted or in error, to do so in the prescribed manner within the stated period.

Notice was sent to property owners and this notification, together with the Supplementary Valuation Roll 2, were published on the official website of the Municipality.

The objection period for the Supplementary Valuation Roll 2 closed on the 23 May, 2019.

In terms of section 78 (4) Municipal Property Rates Act of 2004, a municipality must, wherever necessary, cause a supplementary valuation to be made in respect of any rateable property.

Section 78 (4) further notes that rates or a property based on the valuation of that property in a supplementary valuation become payable with effect from the date on which the category has changed.

Besidesreault also suggested that those with queries are welcome to communicate them directly with the Municipality.

"Please note that not all cases are the same. We invite property owners to contact the Director of Financial Services, Mr. Mouelco Misirimi, or the Manager of Income, Mr. Busiwa Koro for clarification on their individual accounts," he said.
16. Consideration of Questions

*No report received at time of compilation of the agenda.*

17. Consideration of Motions of Exigency

18. Adjournment

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